

CITY OF SAN ANTONIO



MAYOR'S BLUE RIBBON COMMISSION ON SAN ANTONIO'S ECONOMY

FINAL REPORT

Co-chairs

Mayor Emeritus Lila Cockrell

Mr. Adolfo Aguilar

Prepared By: The City of San Antonio Economic Development Department

February 2002

TABLE OF CONTENTS

Introduction	3
Commission Co-Chairs & Task Force Leaders	4
Task Force Members	5
Summary of Task Force Recommendations:	8
Task Force Analysis and Recommendations:	
International Business	
Summary	12
Recommendations	13
Small Business	
Summary	19
Recommendations	26
Tourism/Hospitality	
Summary	35
Recommendations	38
Real Estate and Development Industry	
Summary	48
Recommendations	52
Military/Aerospace/Base Redevelopment	
Summary	57
Recommendations	61
Bioscience/Healthcare/Technology	
Summary	66
Recommendations	69
Communications	
Summary	75
Recommendations	77

Introduction

By all indications, the September 11 terrorist acts were likely to have a long-term impact on San Antonio's economy, particularly its hospitality industry. Within two weeks of the attacks, Mayor Ed Garza announced his intention to form a Blue Ribbon Commission on San Antonio's Economy, which would be comprised of local industry experts and community leaders.

Mayor Garza appointed former Mayor Lila Cockrell and advertising executive Al Aguilar to jointly lead the Commission, which was charged to identify opportunities to help the local economy recover quickly from a deepening national recession.

Task forces for key industries were formed, and recommendations developed over a two-month period. By January 2002, preliminary recommendations were presented to Mayor Garza. By this time, government agencies and economists were reporting mixed economic indicators, suggesting that a decrease in retail spending in the Fourth Quarter of 2001 might have slowed the recession.

Mayor Garza subsequently asked the Commission to reconvene and prioritize their 36 recommendations into Immediate, Short-term, and Long-term strategies for implementation. As such, the Co-Chairs and task force leaders met in February 2002, and provided a report on the status of their industry. The resilience of San Antonio's economy became clear.

Hospitality representatives indicated that hotel occupancy and rates were recovering to pre-September 11 levels. Also, bond rating agencies reviewing a proposed airport bond program gave investor-grade ratings in view of increasing passenger traffic and increased number of flights to San Antonio International. Other industries reported stable or improving indicators, as well.

Although initially developed as a road to recovery, these recommendations now lay out a path to increased prosperity, consistent with the City's *Strategic Plan for Enhanced Economic Development*. The Commission strongly recommends immediate adoption and implementation of these strategies.

Mayor's Blue Ribbon Commission

Commission Co-chairs

Lila Cockrell

President

S.A. Parks Foundation

Adolfo Aguilar

President & CEO

Creative Civilization

Commission Leaders

INTERNATIONAL BUSINESS

Dr. Patricia Burr,

Dean of International Affairs

University of the Incarnate

Word

Heriberto "Berto" Guerra, Jr.

Executive V.P.-National Constituency Relations

SBC Communications, Inc.

SMALL BUSINESS

Henry Cisneros

Chairman & CEO

American City Vista

Corporation

Paul Foster

President

Foster CM Group, Inc.

TOURISM/HOSPITALITY

Henry Feldman

President

La Mansion del Rio

Pete Cortez

Owner

MTC, Inc.

REAL ESTATE AND DEVELOPMENT INDUSTRY

Phyllis Browning

President

Phyllis Browning Realty

Edward Cross

Managing Partner

Cross & Company

MILITARY/AEROSPACE/BASE REDEVELOPMENT

Chave Gonzaba

Chairman

GKDA

Eddie Riojas

Sr. V.P. of Corporate Relations

San Antonio Credit Union

BIOSCIENCE/HEALTHCARE/TECHNOLOGY

York Duncan

President & CEO

Texas Research Park

Foundation

Dr. Fernando A. Guerra

Director

City of San Antonio

Metropolitan Health District

COMMUNICATIONS

Gisela Girard

Executive V.P. & COO

Creative Civilization

Earline Lagueruela,

President

S & C Advertising & Public Relations

Commission Members

INTERNATIONAL BUSINESS

Members:	Sara Jackson, Instructor	University of the Incarnate Word
	Joe Seiterle, President	World Trade Center of San Antonio
	Tim Tuggey, Partner	Loeffler, Jonas & Tuggey
	Patricia Stout, President	Alamo Travel Group
	Ron Branstetter, President & COO	Colin Medical Instruments
	Araceli Guenther, President & CEO	International AG Enterprises, Inc.
City Staff:	Henry Sauvignet, Director	International Affairs Department

SMALL BUSINESS

Members:	Hope Andrade, CEO	Prima Staff, Inc.
	Janie Barrera, President & CEO	Accion Texas
	Cynthia Chatalain, Chair	City Small Business Advocacy
	Rita Elizondo, President	Hispanic Chamber of Commerce
	Michael H. Harris, President	S.A. Manufacturers Association
	Bob McKinley, Assistant V.P.	UTSA - SBDC
	Fletcher Parks, Director	UTSA - MBDC
	Cristina Pena Walls	UTSA-HUB Program
	Stephanie Smith	Congressman Charles Gonzalez
	Cindy Taylor, President	South Chamber of Commerce
	Mario Trevino, VP Governmental Affairs	JDG Associates, Inc.
	Peter Vallecillo, Development Director	Mexican American Cultural Center
	Ralph Velasquez	San Antonio Craftsman Organization
City Staff:	Manuel Longoria, Assistant Director	Economic Development Department

TOURISM/HOSPITALITY

Members:	Greg Kowalski, President & CEO	The RK Group
	Paul McClintock, Chief Financial Officer	Advantage Rent-a-Car
	Marie L. Pauerstein, President & CEO	Local Arrangements, Ltd.
	Mike Sawaya, General Manager	Omni Hotel
City Staff:	Steve Moore, Director	Convention & Visitors Bureau
	Carmelina Rocha Davis, Sr. ED Specialist	Economic Development Department

Mayor's Blue Ribbon Commission Members

REAL ESTATE AND DEVELOPMENT INDUSTRY

Members:	Andres Andujar, Director	3D /International
	Thomas H. Chander, President & CEO	Orion Partners, Inc.
	James Lifshutz	Liberty Properties
	Daniel Lopez, Associate Director	Fannie Mae Partnership Office
	Aaron Seaman, Director of Government & Public Affairs	KB Homes
	Guyla Sineni, Executive V.P.	United Commercial Realty
	Tim Swan, Chief Executive Officer.	Metropolitan Contracting Company
Staff:	Trey Jacobson, Assistant Director	City of San Antonio Economic Development Department

MILITARY/AEROSPACE/BASE REDEVELOPMENT

Members:	Barbara Banker, President	Banker Associates
	Mario Hernandez, President	Economic Development Foundation
	Ben Jurewicz, Director	UTSA-Institute for Studies in Business
	Steve Schellenberg, Regional Manager	Mach 1 Air Services
	Jack Twilley, Managing Director of Technical Support	Dee Howard Corporation
	Renee Wesley-Case, Deputy Director, Air Force Outreach Program	Brooks Air Force Base
City Staff:	Ed Davis, Military Initiatives Manager	Economic Development Department

Mayor's Blue Ribbon Commission Members (Cont'd.)

BIOSCIENCE/HEALTHCARE/TECHNOLOGY

Members:	Eduardo Berdegúe, President	NEXXO
	Tony Fisher, Executive Director	San Antonio Technology Accelerator Initiative (SATAI)
	Dr. William Flannery, Associate Professor	UTSA.
	Nancy Howard Chairman	Alamo Workforce
	Nadine Knaus, Senior Vice President	CPS Customer and Energy
	Dr. Mary Pat Moyer, CEO & Chief Science Officer	INCELL Corporation & TEKSA
	Kay Peck, Executive Director	Bexar County Medical Society
	Col. Rasa Silenas, Director	Brooks Air Force Base Development Center for Operations/ Homeland Security
	Dr. Morris Stribling, President	Alamo City Chamber of Commerce
	George Williams	
City Staff:	Jacqueline Martinez, Sr. EDD Specialist	Economic Development Department

COMMUNICATIONS

Members:	Dean Aitken, Marketing Director	San Antonio Express-News
	Kent Krauss, Publisher	San Antonio Business Journal
	Mary Rose Brown, Senior V.P. Corp. Communications	Valero Energy Corporation
	Arthur Emerson	Groves Rojas Emerson
	Mary Uhlig, Executive V.P.	Dublin & Associates
	Nancy Scott Jones, President & Owner	Nancy Scott Jones Communications
City Staff:	Teresa Vasquez-Romero, Assistant to Mayor	Mayor's Office
	Di Galvan, Communications Manager	Public Information Office
	Carmelina Davis, Sr. ED Specialist	Economic Development Department
	Christine Patmon, Public Information Officer	Public Information Office

RECOMMENDATIONS FOR IMMEDIATE IMPLEMENTATION

INDUSTRY TASK FORCE	RECOMMENDATION
<u>International Business</u> Page 15	Pursue International tourism strategy
<u>Small Business</u> Page 26	Promote public/private sector contracting opportunities
27	Establish prompt-payment policy improvements
31	Assess the City's small, minority, and women-owned business advocacy program
32	Enhance access to capital and credit for small business
<u>Tourism/Hospitality</u> Page 38	Pursue strategies for the development of the headquarter hotel project
45	Explore opportunities for visitor-tax free weekend during month of August
<u>Real Estate and Development</u> Page 52	
<u>Military/Aerospace</u> <u>Base Redevelopment</u> Page 61	Improve the development review and permitting process
<u>Bioscience/Healthcare/Technology</u> Page 71	Develop funding strategy for KellyUSA and the Brooks Technology and Business Park infrastructure
<u>Communications</u> Page 77	Conduct inventory of assets and capabilities, and position San Antonio as homeland for vaccine facility
	Package Initiatives into a compelling brand

RECOMMENDATIONS FOR SHORT-TERM ACTION (12 months)

INDUSTRY TASK FORCE	RECOMMENDATION
<u>International Business</u>	
Page 13	Pursue international high technology strategy
<u>Small Business</u>	
Page 28	Establish technology training program for small business
29	Streamline and simplify SMWBE certification procedures
<u>Tourism/Hospitality</u>	
Page 40	Review Convention Center Master Plan
40	Continued airport expansion and route development
41	Pursue Cultural Zone Redevelopment Project
41	Continue the San Antonio River Improvement Project
43	Review San Antonio's branding efforts
<u>Real Estate and Development</u>	
Page 53	Enhance Economic Development Opportunities and Activities
<u>Military/Aerospace/ Base Redevelopment</u>	
Page 62	Promote the aircraft Maintenance, Repair and Overhaul (MRO) business sector
<u>Bioscience/Healthcare/ Technology</u>	
Page 69	Continue to apply the advances of our biomedical sciences and technology
70	Promote, attract, and retain talented researchers in the development of the bio-science industry
<u>Communications</u>	
Page 77	Compile periodic task force progress reports
77	Promote San Antonio Strong through various public relation mediums

RECOMMENDATIONS FOR LONG-TERM ACTION (BEYOND 12 MONTHS)

INDUSTRY TASK FORCE	RECOMMENDATION
<u>International Business</u> Page 16	Capitalize and implement cross border trucking opportunities
<u>Small Business</u> Page 30 Page 33	Make the One-Stop Development Service Center responsive and efficient Create high school entrepreneurial curriculum to teach business basics to City's youth
<u>Tourism/Hospitality</u> Page 45 46	Create value-added packages including hotels, restaurants, tours, the visual and performing arts and other attractions Create special tour(s) for locals
<u>Real Estate and Development</u> Page 55	Increase net disposable income of residents by reducing the degree of high-cost residential lending
<u>Military/Aerospace/ Base Redevelopment</u> Page 63	Partner with local military installations to prepare for another potential round of base closure and realignment (BRAC) in 2005
<u>Bioscience/Healthcare/ Technology</u> Page 72 73	Promote technology and life-science curriculums for City's future workforce Continue to apply the advances of our biomedical sciences and technology
<u>Communications</u> Page 78 78	Support long-term awareness of <i>San Antonio Strong</i> initiatives Market <i>San Antonio Strong</i> via print media and Web site

INTERNATIONAL BUSINESS TASK FORCE RECOMMENDATIONS



Task Force Leaders

Dr. Patricia Burr

Heriberto "Berto" Guerra, Jr.

Task Force: International Business

I. FOCUS

The International Task Force focused on three short-term (four to twelve months) action items that serve to address the immediate issue of the economy and events of September 11. These short-term action items tie into the long-term goals as developed by the City of San Antonio in A Strategic Plan for Enhanced Economic Development.

Specifically, the events of September 11 made “safety and security” a priority issue in the United States. International travel is down because of a perceived lack of safety. International trade and commerce is suspect because of a perceived lack of security. San Antonio has an expertise in security technology. The International Task Force focused on action items that address the issue of “safety and security”.

II. OPPORTUNITIES AND SUCCESSES

Security is a key strategy in high technology business. San Antonio is a national leader in software development in this industry. This is a chance to create markets for San Antonio companies. To generate success opportunities, this message will be taken on trade missions to Canada, Mexico, Taiwan, China, Germany and Israel.

This is an opportunity to market San Antonio globally as a “safe” travel destination in the United States. It is an opportunity to implement “secure” cross border trucking.

III. CHALLENGES

The challenge to San Antonio is to get the message across that San Antonio is a leader when it comes to safe and secure travel, trade and technology. This is true in regard to “safe” cross-border trucking, “secure” technology for international transactions, “safe” destinations for travel by international visitors, “secure” and confidential business transactions, “safe” companies, etc.

IV. TASK FORCE RECOMMENDATIONS

It is the recommendation of the International Task Force to target three action items in the coming four to twelve month period. “Safe and secure” are immediate international needs. This is the vernacular today in the United States; it is an international commodity. The following action items build on the long-term goals as developed by the City of San Antonio in A Strategic Plan for Enhanced Economic Development.

Task Force: International Business

ACTION PLAN

RECOMMENDATION:

1 of 3

International High Technology

As a result of the events of September 11, 2001, “security” is a key strategy in technology business. San Antonio is a national leader in security software development in this industry; this can benefit San Antonio. This Task Force recommends taking this message of high technology to the international community – to include San Antonio’s outreach program in North America, Asia, Europe and the Middle East.

- A. Tap the San Antonio Technology Accelerator Initiative (SATAI) to assist to develop a presentation that can be used to promote San Antonio’s international edge in this industry sector.
- B. Work with the Casa San Antonio Program, the U.S. Trade Center in Mexico City and the United States Consulate in Monterrey to coordinate a presentation to high tech companies and interested organizations in these two cities.
- C. Use the International Trade Missions Calendar developed by the Free Trade Alliance and the City of San Antonio to identify other international travel opportunities to make this presentation abroad.

ASSIGNED RESPONSIBILITY:

- ❑ San Antonio Technology Accelerator Initiative (SATAI). Assist with the development of a presentation that highlights San Antonio’s high tech edge in “secure” software development.
- ❑ City of San Antonio EDD and the Casa San Antonio Program. Coordinate a venue and target audience for a presentation in Mexico. Should include participation from the U.S. Trade Center and the U.S. Consulate.
- ❑ Free Trade Alliance San Antonio. Wherever possible, integrate the technology presentation on planned trade missions. Example: Scheduled trade missions to Germany, Brazil, Israel, China and Taiwan.

ACTION STEPS:

- 1. Mid-January 2002. Meet with SATAI and FTA to discuss upcoming trade missions and to develop a presentation that highlights S.A.’s high tech edge.
- 2. January 2002. Travel to Mexico to begin plans for a seminar presentation.
- 3. Mid-February 2002. Review presentation and trade mission opportunities. Identify speakers. Late February. Presentation/seminar developed. Speakers identified.

Task Force: International Business

RECOMMENDATION: 1 of 3 (cont'd.)

4. March 2002. Unveil presentation/seminar to local community.
5. Second Quarter. Travel to Mexico and other destinations.

Local companies that are being highlighted in the high technology presentation might serve as possible sponsors for this.

DUE DATES:

Short-term Implementation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

Task Force: International Business

RECOMMENDATION

2 of 3

International Tourism

Nationwide tourism is down; this affects San Antonio. This Task Force recommends working with the Tourism Task Force to address the issue of international visitors. All international travelers should be targeted, but Mexico in particular should have a special focus. International Task Force members who have been working with international visitors noted there was a fear of travel to the United States, even for business purposes. Safety can never be guaranteed; however, San Antonio should aggressively market itself as "still open for business."

- A. When appropriate, San Antonio's international promotional material should market the City as a safe travel destination.
- B. The San Antonio Convention & Visitors Bureau should increase its promotion program to Mexico.
- C. Any international events in which the city is represented (ITB in Berlin, trade missions, etc.) could address this issue.

ASSIGNED RESPONSIBILITY:

Coordinate with the Tourism Task Force.

- ☐ Meet with the Convention & Visitors Bureau to discuss a special promotion program to Mexico.
- ☐ Tap the resources of the Casa San Antonio Program.

ACTION STEPS:

- 1. First Quarter. Meet with the Tourism Task Force to develop a plan of action.
- 2. Second Quarter. Meet with the Convention & Visitors Bureau about a special promotion program to Mexico. Develop a plan of action.
- 3. First Quarter 2002. Take promotion program to Mexico to encourage travel to San Antonio – this should be completed before Holy Week.

FISCAL CONSIDERATIONS:

Any promotion in Mexico will require the financial support of the hospitality industry in San Antonio.

DUE DATES:

Immediate Implementation

ANTICIPATED FISCAL IMPACT:

Possible Cost

Task Force: International Business

RECOMMENDATION:

3 of 3

International Trade

The final provision of the North American Free Trade Agreement that has yet to be implemented, cross border trucking, now has the approval of the U.S. Congress.

This is a unique opportunity for San Antonio to market itself as a logistics center. "Safe and secure" will be buzz words as the nation watches the implementation of this international provision. Cross border trucking is a goal toward which San Antonio has poured its energy; we will directly benefit. San Antonio needs a strategy to take advantage of this opportunity.

- A. Collect information, as soon as available, on the new provisions of cross border trucking.
- B. Work with the Free Trade Alliance (FTA) and the Logistics Task Force to develop a marketing strategy to attract cross border trucking activity. This strategy should include the City of San Antonio, Casa San Antonio, KellyUSA and the S.A. Economic Development Foundation.
- C. Another "security" issue is the International Trade Data System (ITDS) program that U.S. Customs Services and the U.S. Department of Transportation will begin to test. ITDS is an electronic data system that automates the paperwork process associated with international shipments. San Antonio should be involved in the development and in the pilot program.

ASSIGNED RESPONSIBILITY:

- ☐ The Free Trade Alliance and the Logistics Task Force will coordinate local participation to develop a strategy. Develop target industries and companies that could be targeted in a cross border trucking marketing effort.
- ☐ The City of San Antonio EDD, Casa San Antonio, KellyUSA and the S.A. Economic Development Foundation will identify incentives, local partnerships, etc. which the city could offer to attract related industry.
- ☐ NAFTA, External Relations Department
- ☐ The entire group will develop a marketing presentation.
- ☐ The Free Trade Alliance should continue to track the ITDS program to assure that San Antonio is included in the pilot test program.

Task Force: International Business

RECOMMENDATION:

3 of 3 (cont'd.)

ACTION STEPS:

1. First Quarter. The Logistics Task Force meets to discuss the outline for a marketing strategy for attracting cross-border trucking activities to San Antonio.
2. First Quarter. Identify incentives, local partnerships, etc. which the city could offer to attract related industry – the City of San Antonio, Casa San Antonio, KellyUSA and the S.A. Economic Development Foundation. Coordinate with the Logistics Task Force.
3. First Quarter. Prepare marketing presentation.
4. Second Quarter. Begin making joint marketing presentations to targeted companies and decision-makers.

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

SMALL BUSINESS TASK FORCE RECOMMENDATIONS



Task Force Leaders

Henry Cisneros

Paul Foster

Task Force: Small Business

I. FOCUS

The 1999 U.S. Census of Business reports that there are over 33,375 businesses with employees in the San Antonio metropolitan area. Of this total, approximately 28,127 (84%) are businesses that have less than 20 employees. These census numbers show that the San Antonio economy is indeed made up of small businesses. Therefore, the City's goal of growing a diverse and prosperous economy is dependent upon the success of these local small business enterprises.

The Small Business Task Force focused on evaluating critical issues confronting the small business community resulting from the economic downturn as well as the terrorist attacks of September 11th. The Task Force had a series of meetings to hear from business assistance providers of resources and services. Their participation and input was necessary to get an accurate appraisal of the issues that are impacting the small business community. The task force also conducted a public hearing on December 5th to receive testimony from business owners. More than 300 individuals attended the hearing. At the public hearing, the task force also received a report from a national expert in small business development policies and programs.

The primary issues adversely impacting small businesses are associated with access to capital, the changing and confusing procurement and contracting processes, cash flow dilemmas related to slow payment for services rendered, and the need for better and more current business education, training, and technical assistance.

II. OPPORTUNITIES

ACCELERATE GROWTH OF THE PRIVATE SECTOR:

San Antonio's strong economy provides plenty of opportunity for new and expanding companies. The local economy is currently in the process of changing from one that has relied heavily on government and civil service employers to one that is increasingly reliant on the private sector. In fact, the highest growth sectors are in the telecommunications, information technology, biosciences, tourism, aerospace, and the logistics and distribution industries. The benefits generated through the growth of the private sector should translate into economic opportunity across socio-economic lines. Companies associated with these industries present opportunities for local small businesses to become suppliers of goods and services. Growth allows small business owners to raise wages for employees and to create wealth through business ownership. Providers of small business development services should strengthen and link to these industries thus providing additional market opportunities for local small business enterprises.

ENHANCE AND STRENGTHEN THE SMALL BUSINESS SUPPORT SYSTEM:

Like many other metropolitan areas, San Antonio has a large degree of small business support organizations. Resources are available to assist small businesses through local Chambers of Commerce, Federal and State Agencies, Micro and Small Business Lenders, the University of Texas Institute for Economic Development, the Alamo Community College District, City Government and special assistance Organizations such as the South Central Texas Regional Certification Agency.

Task Force: Small Business (cont'd.)

The One-Stop Development Services Center that is currently under development by the City of San Antonio will provide the opportunity to streamline the development processes and to improve services by co-locating business support organizations into a centralized location.

UTILIZE PUBLIC & PRIVATE SECTOR IMPROVEMENT PROJECTS TO STIMULATE THE GROWTH OF SAN ANTONIO BUSINESSES:

The public sector has frequently provided business opportunities during periods of recession through the development of major infrastructure development projects. Examples of projects currently under development by the public sector are the \$200 million SBC Center, \$400+ million expansion and modernization of the San Antonio International Airport, and more than \$1 billion capital investment by local school districts. The private sector can also provide opportunities to small businesses as they expand their facilities in the San Antonio area. Examples of projects under development in the private sector include Valero/Ultramar's \$80 million expansion of their corporate headquarters and World Savings \$25 million expansion of their San Antonio facility.

These projects can serve as a stimulus to the local economy and provide opportunities to sustain local businesses during the current economic downturn.

III. CHALLENGES

SLOW PAYMENT PROCESS RELATED TO CONTRACTING WITH GOVERNMENTAL AGENCIES:

An urgent issue that adversely effects small business is the slow payment process connected to contracting with government agencies. The Small Business Task Force heard reports that in some instances, contractors have waited up to six months to receive payment for services already provided. Most governmental organizations have prompt-payment policies to assure quick payment for services rendered by contractors. However, strict administrative requirements for payment contribute to the delay of payment to contractors. Examples of these requirements include inspection of work performed, inadequate documentation and multi-departmental approvals. With payment delayed, the contractors may lack sufficient cash flow to meet operational expenses and thus risk having to forfeit their contract.

As a fundamental principle, and under any circumstance, it is unfair for small businesses to be used to "finance" the operations of government in this manner. Slow payment is of even more urgent concern during this recessionary period when business owners are struggling with cash flow to operate and remain solvent.

DOWNSIZING TREND IN PUBLIC AND PRIVATE SECTORS:

Like the rest of the country, San Antonio is being impacted by the downsizing trend occurring in both the public and private sectors. This year alone has brought announcements from many companies in the region laying-off thousands of workers due to company restructuring and the

Task Force: Small Business (cont'd.)

slowing economy. In addition, the Department of Defense, which has a sizeable work force in this region, has also been in a downsizing mode and recently announced another round of base closures (scheduled for 2005). As these trends continue, considerable pressure is being placed on small businesses to diversify and seek new markets and to find means to survive in a new environment.

INADEQUACY OF PROCUREMENT AND CONTRACTING PROCESSES:

Purchasing and contracting policies that promote the utilization of small businesses have proven to be an effective tool to grow small businesses. However, in recent years the programs in San Antonio have become stale and overly bureaucratic. Business owners complain that the certification process for minority & women-owned businesses is irrelevant and has become more of an obstacle rather than an opportunity to grow their businesses.

Secondly, the public and private sector are using new procurement procedures, such as the use of credit cards, "DemandStar" bid solicitation and reverse-auctions for purchasing equipment and services. Purchasing through electronic-commerce and web-based applications puts additional pressure on business owners to become proficient in technology-oriented transactions. While they provide opportunities to businesses that are skilled in technology applications, these new procurement procedures are obstacles to many other's that are not accustomed to them. To address this concern, business service providers should develop training programs to teach the business owners the necessary skills in this area. This will enable business owners to compete for contracts at this level.

Other issues related to procurement and contracting include:

- The lack of a central clearinghouse for information on public and private sector bid opportunities.
- Purchasing and contracting programs are concentrated in the public sector, specifically, at the City, County, City Public Service and San Antonio Water Systems. More emphasis is needed to develop programs with private sector purchasers.
- The City's small, minority & women-owned business advocacy program needs to be re-evaluated and updated in order to apply "best-practices" features.

LACK OF ACCESS TO CREDIT:

A major obstacle to sustaining a successful business is securing sufficient capital to operate and expand. Although there are many lending institutions in the San Antonio area that have financing products to help, many businesses cannot adequately satisfy the lending requirements.

Another issue related to lack of access to credit is the utilization of Small Business Administration (SBA) loan programs in the San Antonio region. According to SBA officials, the Austin region, which has a smaller population base and fewer businesses, actually has a higher utilization rate. Outreach to local lending institutions is needed to inform them of the benefits of using the SBA loan programs.

Task Force: Small Business (cont'd.)

A final issue related to this topic is the underutilization of small business loan securitization as a tool to develop a more robust secondary market for small business loans. This is a process by which pools of loans are used as collateral for securities that are then purchased by investors. This process provides lenders with a great deal of liquidity enabling them to make more loans. Compared to consumer and mortgage credit, the securitization of small business loans has not been very common in the State of Texas. This is in spite of the Riegle Community Development and Regulatory Improvement Act of 1994—a federal initiative that allows state governments to enact policy aimed at increasing the prospects for small business loan securitization.

UPGRADING ENTREPRENEURIAL SKILLS AND BUSINESS EDUCATION:

The high failure rate of start-up businesses is frequently related to lack of business management skills. Business owners may have strong technical expertise in the primary function of their business, but often lack basic skills in management, planning, accounting, finance and marketing. It is necessary to upgrade and expand existing business training programs. In addition, specific-training programs in technology must be established. These are essential skills necessary for success in business.

Likewise, as illustrated in the San Antonio Technology Accelerator Initiative (SATAI) strategic plan, the San Antonio region would benefit from a culture of entrepreneurship and risk-taking. In addition, San Antonio's strength is its diverse culture, which has a large minority population. The career path of many in the minority community has been in services industries, civil service, and “blue-collar work”. As a result, many individuals in the minority community have not shared the opportunities of entrepreneurship. As pointed out in the SATAI report, communities that have vibrant economies tend to have entrepreneurial characteristics as part of their culture. The SATAI initiative is designed to address this issue but additional support is needed to promote entrepreneurship to minority students at the middle and high-school level.

OTHER ISSUES:

Bonding and insurance requirements on government contracts is also an obstacle confronted by some business owners. Governmental organizations place this requirement as part of the bid documents in order to assure completion of the work by contractors. Some businesses have difficulty-acquiring bonding because they do not have sufficient working capital. The result is that these business owners cannot compete for contracts because they cannot obtain sufficient bonding and insurance.

IV. TASK FORCE RECOMMENDATIONS

1. Reduce the time period for receipt of payments to small businesses by governmental organizations and prime contractors by changing the existing prompt-payment practices and eliminating the barriers that delay payments.
 - a) Establish a small business ombudsman or trouble-shooter position to be located in the One-Stop Development Center. The ombudsman/trouble-shooter should serve as an advocate for small business, to break “log-jams” encountered by businesses and to

Task Force: Small Business (cont'd.)

serve as a liaison for problem solving between business owners, prime contractors and governmental agencies.

- b) To assure timely decision-making by the governmental agencies, the ombudsman/trouble-shooter should have the power to waive unnecessary regulatory and governmental processes and provisions that unfairly impact small business owners.
2. Create a broad and accessible system to promote public and private sector contracting opportunities. The current outreach system is beyond the reach of many local small businesses and therefore places them in a competitive disadvantage. The process should be a reasonable method that allows small business owners to identify contracting/vendor opportunities in a timely manner.
 - a) Establish a "low-tech" medium such as a public access channel to facilitate the advertisement/promotion of public and private sector contracting/procurement opportunities.
 - b) Utilize the San Antonio Business Opportunities Council to create a more active network of buyers and make it a practical network that provides access to small businesses.
 - c) Reevaluate the City's Web-based bid solicitation system to assure access to small business either using the Demand-Star system or a replacement that provides outreach that is broad and accessible.
 3. Establish technology applications training program to teach business owners the skills needed to compete for business conducted through "on-line" transactions. The primary objective is to teach local small businesses "state-of-the-art" methods for applying business skills in electronic commerce and utilizing internet/web-based applications for on-line business transactions. The training program should maximize the use of existing private-sector-training programs in this area and should incorporate "peer-group" trainers.
 4. Remove obstacles associated with the small, minority and women-owned business enterprise (SMWBE) certification process.
 - Create a new oversight Board of Directors at the South Central Texas Regional Certification Agency by establishing a true policy-making board consisting of an appointed/elected member from each of the participating public entities and three small business owners.
 5. Develop the One-Stop Development Service Center with the organizational capacity to be efficient and responsive to the needs of small businesses. The One-Stop should integrate the most current building development processes and should incorporate the latest technology to assure responsiveness to entrepreneurs.

Task Force: Small Business (cont'd.)

- To assure oversight and to allow stakeholder participation, the existing City Small Business Advocacy Committee should serve as the business advisory council to advise the City on issues related to the One-Stop Development Center.
 - The bylaws of the existing Small Business Advocacy Committee should be restructured to include representation from One-Stop stakeholder groups such as real estate developers and contractors, and small business-owners.
6. Conduct a technical assessment of the City's Small, Minority & Women-Owned Business Advocacy program and adjust the policy to correspond to the most recent judicial rulings and evolution of law and practice. The last major review was done in 1993, and it would be useful to do a top-to-bottom review after eight years to incorporate the latest and most current methods. The objective is to re-establish the program and apply "best-practices" processes and methodologies utilized by other public sector organizations and the private sector given recent changes in this area.
- Review current policy, program implementation, and operational processes to ensure the most aggressive and effective program for small business participation.
 - As an interim step, streamlining and simplifying the processes and procedures used to support business owners. The primary objective of this recommendation is to remove bureaucratic requirements that become barriers to successful small business development and expansion.
7. Increase the sources of capital and credit available to small businesses by establishing non-traditional financial assistance programs such as contract-assignment and bond-surety support programs and securization of small business loans.
- a) Establish a marketing program to increase local bank awareness and utilization in the Small Business Administration Loan programs.
 - b) Enact a policy to increase the prospect for securization of small business loans to include:
 - Support of State of Texas initiatives that allow national banks, federal thrifts, and credit unions to invest more in such securities;
 - Preempting state registration requirements and investment restrictions; and
 - Reducing risk-based capital requirements.
 - c) Require banks doing business with the City to have minorities and women on their board of directors.
 - d) Encourage banks doing business with other governmental agencies (Bexar County, SAWS, CPS, VIA and School Districts) to have minorities and women on their board of directors.
8. Create an entrepreneurial curriculum in area high schools to focus on teaching the City's youth the basics of business management and finance. San Antonio's minority population

Task Force: Small Business (cont'd.)

generally has had career paths focused in services industries, civil service, and “blue-collar work”. As a result, many individuals in the minority community have not shared the opportunities of entrepreneurship. The program should be modeled after the National

Endowment for Financial Education High School Financial Planning Program--an existing program designed to teach the basics of personal finance to young people. The objective of this recommendation is to instill entrepreneurial skills to our City’s youth (especially to minority students) while they are developing attitudes and habits that will influence them as adults.

Task Force: Small Business

ACTION PLAN

RECOMMENDATION: 1 of 8

Promotion of Public/Private Sector Contracting Opportunities

Create a broad and accessible system to promote public and private sector contracting opportunities. The current outreach system is beyond the reach of many local small businesses and therefore places them in a competitive disadvantage. The process should be a fairly easy method that allows small business owners to identify contracting/vendor opportunities in a timely manner.

- A. Establish a "low-tech" medium such as a public access channel to facilitate the advertisement/promotion of public and private sector contracting/procurement opportunities.
- B. Utilize the San Antonio Business Opportunities Council to create a more active network of buyers and make it a practical network that provides access by small businesses.
- C. Reevaluate the City's Web-based bid solicitation system to assure access to small businesses by either using the Demand-Star system or a replacement that provides outreach that is broad and accessible.

ASSIGNED RESPONSIBILITY:

- ☐ Small Business Advocacy Committee
- ☐ City of San Antonio Purchasing & General Services Department
- ☐ City of San Antonio Public Information Office
- ☐ Time-Warner Communications
- ☐ San Antonio Business Opportunities Council
- ☐ All governmental entities to include Bexar County, VIA, SAWS & CPS
- ☐ University of Texas Institute for Economic Development
- ☐ Alamo Community College District City of San Antonio

ACTION STEPS:

Establish a bid-channel on a public-access station to promote bidding opportunities.

DUE DATES:

Immediate Implementation

ANTICIPATED FISCAL IMPACT:

Possible Cost

Task Force: Small Business

RECOMMENDATION: 2 of 8

Prompt-Payment

Reduce the time period for receipt of payments to small businesses by governmental organizations and prime contractors by changing the existing prompt-payment practices and eliminating the barriers that delay payments.

- A. Establish a small business ombudsman or trouble-shooter position to be located in the One-Stop Development Center. The ombudsman/trouble-shooter should serve as an advocate for small business, to break “log-jams” encountered by businesses and to serve as a liaison for problem solving between business owners, prime contractors and governmental agencies.
- B. To assure timely decision-making by the governmental agencies, the ombudsman/trouble-shooter should have the power to waive unnecessary regulatory and governmental processes and provisions that unfairly impact small business owners.

ASSIGNED RESPONSIBILITY:

- ☐ City of San Antonio Economic Development Department
- ☐ Designated City Departments
- ☐ City Council Neighborhood & Small Business Committee
- ☐ City of San Antonio Small Business Advocacy Committee
- ☐ All Governmental Entities (i.e., Bexar County, VIA, SAWS, CPS)

DUE DATES:

Immediate Implementation

ANTICIPATED FISCAL IMPACT:

Possible Cost

Task Force: Small Business

RECOMMENDATION:
3 of 8

Technology Training Program

Establish technology applications training program to teach business owners the skills needed to compete for business conducted through “on-line” transactions. The primary objective is to teach local small businesses “state-of-the-art” methods for applying business skills in electronic commerce and utilizing internet/web-based applications for on-line business transactions. The training program should maximize the use of existing private-sector training programs in this area and should incorporate “peer-group” trainers.

**ASSIGNED
RESPONSIBILITY:**

- ☐ Chambers of Commerce
- ☐ City of San Antonio Economic Development Department
- ☐ City of San Antonio Purchasing & General Services Department
- ☐ University of Texas San Antonio/ Institute for Economic Development
- ☐ Alamo Community College District

ACTION STEPS:

1. Develop training curriculum through partnership between City of San Antonio, the University of Texas San Antonio and the Alamo Community College District. Second Quarter.
2. Incorporate the existing training program offered by the Chambers of Commerce and implement if consistent with recommendation.
3. Establish a computer resource center for small businesses within the First Point Business Information Center to allow use of free computer workstations with Internet access to small, minority and women owned businesses. Second Quarter.

DUE DATES:

Short-term Implementation

**ANTICIPATED
FISCAL IMPACT:**

No Cost Recommendation

.

Task Force: Small Business

RECOMMENDATION:
4 of 8

Streamline and Simplify SMWBE Certification Procedures

Remove obstacles associated with the minority and women-owned business certification processes and private and public sector contracting by streamlining and simplifying the processes and procedures used to support business owners. The primary objective of this recommendation is to remove bureaucratic requirements that become barriers to successful small business development and expansion. Have public policy leaders/elected officials serve on the RCA Board Directors to provide better accountability.

**ASSIGNED
RESPONSIBILITY:**

- ☐ South Central Texas Regional Certification Agency (SCTRCA)
- ☐ City of San Antonio EDD, Mayor & City Council
- ☐ City Public Service—Board of Directors
- ☐ San Antonio Water Systems—Board of Directors
- ☐ VIA Metropolitan Transit Authority—Board of Directors
- ☐ Bexar County—Commissioners Court

ACTION STEPS:

1. Restructure the bylaws of the SCTRCA to have a “policy-maker” from the participating public entities serve on the Board of Directors. The bylaws should include three small business owners as members of the board. Second Quarter.
2. Expedite and streamline the SCTRCA certification procedures. Second Quarter.
3. Implement a new and simplified re-certification procedures.

DUE DATES:

Short-term Implementation

**ANTICIPATED
FISCAL IMPACT**

Anticipated Fiscal Impact: No Cost Recommendation

Task Force: Small Business

RECOMMENDATION: 5 of 8

Make the One-Stop Development Service Center Responsive and Efficient

Develop the One-Stop Development Service Center with the organizational capacity to be efficient and responsive to the needs of small businesses. The One-Stop should integrate the most current building development processes and should incorporate the latest technology to assure responsiveness to entrepreneurs.

A. To assure oversight and to allow stakeholder participation, the existing City Small Business Advocacy Committee should serve as the business advisory council to City Council on issues related to the One-Stop Development Center.

B. The By-laws of the existing Small Business Advocacy Committee should be restructured to include representation from One-Stop stakeholder groups such as real estate developers and contractors, small business-owners.

ASSIGNED RESPONSIBILITY:

- ☐ South Central Texas Regional Certification Agency (SCTRCA)
- ☐ City of San Antonio EDD, Mayor & City Council
- ☐ City Public Service—Board of Directors
- ☐ San Antonio Water Systems—Board of Directors
- ☐ VIA Metropolitan Transit Authority—Board of Directors
- ☐ Bexar County—Commissioners Court

ACTION STEPS:

Restructure the bylaws of the Small Business Advocacy Committee.

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

Anticipated Fiscal Impact: No Cost Recommendation

Task Force: Small Business

RECOMMENDATION: 6 of 8

Assessment of the City's Small, Minority, & Women-Owned Business Advocacy Program

Conduct a technical assessment of the City's Small, Minority & Women Business Advocacy program and adjust the policy to correspond to the most recent judicial rulings and evolution of law and practice. The last major review was done in 1993 and it would be useful to do a top-to-bottom review after eight years to incorporate the latest and most current methods. The objective is to re-establish the program and apply "best-practices" processes and methodologies utilized by other public sector organizations and the private sector given recent changes in this area.

- A. Review current policy, program implementation, and operational processes to ensure the most aggressive and effective program for small business participation.
- B. Update the Availability/Disparity Study to benchmark participation of small, minority, & women-owned business in public contracting in San Antonio.
- C. As an interim step, streamlining and simplifying the processes and procedures used to support business owners. The primary objective of this recommendation is to remove bureaucratic requirements that become barriers to successful small business development and expansion.

ASSIGNED RESPONSIBILITY:

- ☐ City of San Antonio Economic Development Department
- ☐ City Council Neighborhood & Small Business Committee
- ☐ City of San Antonio Small Business Advocacy Committee
- ☐ City Manager's Office
- ☐ Evaluate the City's existing small business contracting policy to incorporate "best-practice" provisions. Second Quarter.
- ☐ Modify and implement new policy and program. Second Quarter.

DUE DATES:

Immediate Implementation

ANTICIPATED FISCAL IMPACT:

Estimated \$150,000 to secure consulting services.

Task Force: Small Business

RECOMMENDATION: 7 of 8

Access to Capital and Credit for Small Business

Increase the sources of capital and credit available to small businesses by establishing non-traditional financial assistance programs such as contract-assignment and bond/ surety support programs and securization of small business loans.

- A. Establish a marketing program to increase local bank participation in the Small Business Administration loan programs.
- B. Enact a policy to increase the prospect for securization of small business loans to include:
 - 1. Supporting State initiatives that allow national banks, federal thrifts, and credit unions to invest more in such securities;
 - 2. Preempting state registration requirements and investment restrictions; and
 - 3. Reducing risk-based capital requirements.
- C. Require banks doing business with the City to have minorities and women on their board of directors.
- D. Encourage banks doing business with other governmental agencies (Bexar County, SAWS, CPS, VIA and school districts) to have minorities and women on their board of directors.

ASSIGNED RESPONSIBILITY:

- ☐ City of San Antonio Economic Development Department
- ☐ Mayor & City Council
- ☐ External Affairs Department
- ☐ Small Business Administration
- ☐ San Antonio Local Development Company
- ☐ City Council Neighborhood & Small Business Committee
- ☐ City of San Antonio Small Business Advocacy Committee

ACTION STEPS:

- 1. Implement Bond & Surety Support program at San Antonio International Airport Expansion Project.
- 2. Develop a marketing program to increase awareness and utilization of SBA programs among San Antonio banks. February 2002.

DUE DATES:

Immediate Implementation

ANTICIPATED FISCAL IMPACT

No Cost Recommendation

Task Force: Small Business

RECOMMENDATION: 8 of 8

High-School Entrepreneurial Curriculum

Create an entrepreneurial curriculum in area high schools to focus on teaching the City's youth the basics of business management and finance. San Antonio's minority population traditionally has had career paths focused in services industries, civil service, and "blue-collar work". As a result, many individuals in the minority community have not shared the opportunities of entrepreneurship. The program should be modeled after the National Endowment for Financial Education High School Financial Planning Program-an existing program designed to teach the basics of personal finance to young people. The objective of this recommendation is to instill entrepreneurial skills to our City's youth (especially to minority students) while they are developing attitudes and habits that will influence them as adults.

ASSIGNED RESPONSIBILITY:

- ☐ San Antonio Education Partnership
- ☐ Chambers of Commerce
- ☐ Office of the Mayor

ACTION STEPS

1. Consult with the National Endowment for Financial Education for a proposed curriculum. First Quarter.
2. Evaluate and review the Project Phoenix model in order to incorporate and integrate the key provisions of this program.
3. Meet with area school superintendents to present a proposal and to discuss implementation of a program. March 2002.
4. Implement "pilot" program at three inner city high schools. August 2002.
5. Implement "large-scale" program at targeted inner city high schools. August 2003.

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT

No Cost Recommendation

TOURISM/HOSPITALITY TASK FORCE RECOMMENDATIONS



Task Force Leaders

Pete Cortez

Henry Feldman

Task Force: Tourism/Hospitality

I. FOCUS

Acknowledged as San Antonio's second leading industry, the hospitality has been challenged by both the events of September 11th and the on-going economic downturn. Providing more than 78,000 jobs with a total economic impact of \$4.05 billion, the hospitality industry also contributes more than \$90 million to the city of San Antonio's tax revenues (source: San Antonio Tourism Council).

The events of September 11 and the recession have combined to severely impact the hospitality industry on a nation-wide, even global, scope. In order to protect San Antonio's industry and to help offset this negative impact, the Task Force has several recommendations to ensure future growth of this industry.

II. OPPORTUNITIES AND SUCCESSES

REVIEW VISITOR INDUSTRY INFRASTRUCTURE

There are several projects the City is undertaking or reviewing that are key to San Antonio's future visitor industry. Some are underway, some are old master plans that need revisiting, while others are now before Council.

The next horizon of major infrastructure for the visitor industry has been identified and the Tourism Industry Task Force recommends the support of the following projects that can (as with the above projects) again provide major growth for San Antonio and maintain our coveted visitor industry successes from the designs of our competition:

- A. Strongly endorses the completion of the headquarters hotel project
- B. Review Convention Center Master Plan
- C. Support airport expansion and route development.
- D. Support Cultural Zone Redevelopment Project
- E. Support the San Antonio River Improvement Project

More recently, there have been efforts to create a Cultural Zone and Business Improvement District on par with the French Quarter in New Orleans or the Latin Quarter in Paris that would encompass the area from Market Square to City Hall and from Santa Rosa Hospital to Durango Boulevard. The Cultural Zone would be master planned to create maximum synergy amongst its wealth of existing assets and activities.

REVIEW SAN ANTONIO'S BRANDING EFFORTS

The current economy and the events of September 11th have presented a unique opportunity for San Antonio to review its strategies in the promotion of San Antonio as a premier visitor destination. The SACVB began a series of interactive meetings since September 11th to draft both revised and additional strategies and action plans to reposition San Antonio's "brand awareness" to its various market profiles.

Task Force: Tourism/Hospitality (cont'd.)

Clearly San Antonio's attributes far exceed its national image, and re-branding offers an opportunity to enhance this image.

Additional programs targeted to the regional markets for leisure travelers have been undertaken by the City and its SACVB in reaction to recent changes in customer behavior and/travel patterns. For example, the "drive" market, which was once considered to be 300 miles, has now grown to 600 miles.

The SACVB monitors the published efforts of San Antonio's competitors on a daily basis regarding our two key profiles: leisure travel and conventions. The Task Force recognizes and appreciates the aggressive tourism industry initiatives the City has taken and strongly recommends that this proactive commitment continue to be funded.

Repositioning and joint promotions with all related industries brings awareness of San Antonio's strengths to a much larger market than each industry's narrow focus.

MARKETING TO LOCALS

Since September 11th, there is tremendous interest by our local visitor industry business professionals and other civic leaders to increase local utilization of hotels, attractions, and restaurants.

Accordingly, the San Antonio Convention and Visitors Bureau (SACVB), San Antonio Hotel/Motel Association and the local Chamber's of commerce launched the "Share the Story" campaign in October to engage San Antonians in the "selling" of our community by encouraging residents to invite their friends/families here for leisure travel and/or to use their professional contacts to invite a convention to meet here.

Incentives include awarding locals in a bi-weekly drawing of those who referred a friend/family member here. Prizes benefiting these local "resources" include Spurs tickets, restaurant meals and tickets to attractions. For professional referrals, monthly prizes are awarded to benefit the employees with office supplies, delivery service, etc. The SACVB has placed several ads in local print media promoting the campaign.

To further local participation, the Task Force recommends that the local industry coalesce to initiate a campaign to entice locals to stay in a San Antonio hotel. While the SACVB's core mission (producing the most cost effective results with their budget) is its focus on visitors/convention planners outside of San Antonio, the City's SACVB can greatly assist in such an effort through several strategies:

- A. Explore Visitor-Tax Free Weekend in August
- B. Create Value-added Packages Including Hotels, Restaurants, Tours, and Performing Arts and Other Attractions
- C. Create Special Tour(s) for Locals

Task Force: Tourism/Hospitality (cont'd.)

III. TASK FORCE RECOMMENDATIONS

1. Review Visitor Industry Infrastructure

- ☐ Strongly endorses the completion of the headquarter hotel project
- ☐ Review Convention Center Master Plan
- ☐ Support airport expansion and route development
- ☐ Support Cultural Zone Redevelopment Project
- ☐ Support the San Antonio River Improvement Project

2. Review San Antonio's Branding Efforts

3. Marketing To Locals

In addition to "Share the Story" campaign in October and to further local participation, the Task Force recommends that the local industry coalesce to initiate a campaign to entice locals to stay in a SA hotel. While the SACVB's core mission (producing the most cost effective results with their budget) is its focus on visitors/convention planners outside of San Antonio, the City's SACVB can greatly assist in such an effort through several strategies including:

- ☐ Explore Visitor-Tax Free Weekend in August
- ☐ Create Value-added Packages Including Hotels, Restaurants, Tours, the Visual and Performing Arts and Other Attractions
- ☐ Create Special Tour(s) for Locals

Task Force: Tourism/Hospitality

ACTION PLAN

RECOMMENDATION:

1 of 3

Review Visitor Industry Infrastructure

The next horizon of major infrastructure for the visitor industry has been identified and the Tourism Industry Task Force recommends the support of the following projects that can (as with the above projects) again provide major growth for San Antonio and maintain our coveted visitor industry successes from the designs of our competition. These opportunities are:

A. Strongly endorses the completion of the headquarter hotel project:

While the completion of a new convention headquarters hotel is not essential to service the debt of the recently completed convention center expansion, a major opportunity for enhanced convention utilization (thus revenues) has availed itself with this project which began its plans in 1996.

A late 1999 study revealed that the City's ability to book new conventions prospects (in its market profile) grew from 50% to 70% with the proposed added hotel in place.

San Antonio has rapidly grown as a major sporting event destination (e.g., USOC's choice as site of 2007 Pan Am Games; Final Four event; Bowl Games, etc.) in recent years primarily because of the Alamodome. Because of our growth, opportunities are now closer to realization earlier than anticipated. This is also true of maximizing our convention center usage, beyond previous expectations, with this hotel in place. It will be key to a quicker recovery from the September 11th events and the current U.S. economic climate.

The 1995 ULI Study recommended such a project as an enhancement to the center's success.

ASSIGNED

RESPONSIBILITY:

Convention & Visitors Bureau

DUE DATES:

Immediate Implementation

ANTICIPATED

FISCAL IMPACT:

No Cost Recommendation

Task Force: Tourism/Hospitality

RECOMMENDATION:
1 of 3 (cont'd.)

B. Review Convention Center Master Plan

The latest expansion completed in the summer of 2001 actually began its' first stages 10 years earlier. During the early and mid-90's, two separate City initiatives reviewed the need for expansion, where to expand it, and assess the maximum capacity of our primary convention center footprint for future years.

In particular, the 1992 Convention Center Expansion Citizens' Committee Report called for the adoption of a master plan through the year 2020. The Urban Land Institute's (ULI) study of 1995 reported that the Henry B. Gonzalez Convention Center could expand to 750,000 square feet of exhibit space on its Hemisfair site.

**ASSIGNED
RESPONSIBILITY:**

- ☐ City departments of Convention Facilities
- ☐ Convention & Visitors Bureau
- ☐ Finance
- ☐ Budget
- ☐ Planning
- ☐ Parks and Recreation
- ☐ Execute a report by the end of calendar year 2002.

**FISCAL
CONSIDERATIONS:**

The Task Force Recommends that the City of San Antonio re-review its future expansion capacity (debt, market demand, size, etc.) within the next 12 months.

C. Support airport expansion and route development

In October 2001, the City's Aviation Department presented an the outline of a plan for air route development to City Council. The Task Force has reviewed these plans and endorses Council support for the implementation of this plan. As we believe, it is critical for successful future economic development.

Task Force: Tourism/Hospitality

RECOMMENDATION:

1 of 3 (cont'd.)

ASSIGNED RESPONSIBILITY

The Department of Aviation with assistance, where applicable, from SACVB visitor marketing and public relations support for new service and SACVB executive staff for route solicitation.

D. Support Cultural Zone Redevelopment Project

The mid-1970's redevelopment of the West-end of downtown led to the enhancement of Market Square as a premier visitor destination. Since that time, further redevelopment of the area has included the:

- a) Refurbishment of Milam Park;
- b) Spirit of Healing" mural by Jesse Treviño at Christus Santa Rosa Hospital;
- c) Plans to restore the Alameda Theater into a center for Latino performing arts;
- d) Conversion of Centro de Artes into an affiliated branch of the Smithsonian Institution featuring Latino visual arts, history and culture.

More recently, there have been efforts to create a Cultural Zone and Business Improvement District on par with the French Quarter in New Orleans or the Latin Quarter in Paris that would encompass the area from Market Square to City Hall and from Christus Santa Rosa Hospital to Durango Boulevard. The Cultural Zone would be master planned to create maximum synergy amongst its wealth of existing assets and activities.

E. Support the San Antonio River Improvement Project

The River Walk is the heart of San Antonio's visitor allure and its previous expansions have increased the number of visitors as well as better distributed visitors further up and down the River Walk.

Task Force: Tourism/Hospitality

ACTION PLAN

RECOMMENDATION:

1 of 3 (cont'd.)

The long-awaited San Antonio River Improvement Project is closer to reality and the Task Force recommends continued community support from the City and county.

San Antonio River Authority is implementing.

DUE DATES:

Short-term Implementations

ANTICIPATED

FISCAL IMPACTS:

No Cost Recommendations

Task Force: Tourism/Hospitality

RECOMMENDATION:

2 of 3

A. Review San Antonio's Branding Efforts

The SACVB monitors the published efforts of San Antonio's competitors on a daily basis regarding our two key profiles: leisure travel and conventions. The Task Force recognizes and appreciates the aggressive tourism industry initiatives the City has taken and strongly recommends that this proactive commitment, continue to be funded.

Repositioning and joint promotions should occur with other industries to bring awareness of San Antonio's strengths to a much larger market than each industry's narrow focus.

With the above and future actions in place, the Task Force recommends that these current times provide the opportunity for the review of San Antonio's efforts as a whole community.

ASSIGNED

RESPONSIBILITY:

- ❑ We understand the San Antonio, Inc., is in place through a joint effort by the City and County and through this structure, we recommend that sales mission dates and other events be coordinated amongst its various agencies/organizations to better utilize resources (elected officials travel schedules), avoid possible duplicity, and to explore for cost efficiency opportunity through co-op's. For example, other industries with strong Washington, DC clients might structure their annual trips to DC in conjunction with the Chambers' annual "SA-to-DC" activities to expand the events' stature and increase the delegation's effective "reach".

San Antonio Convention & Visitors Bureau

Task Force: Tourism/Hospitality

RECOMMENDATION: 2 of 3 (cont'd.)

- ❑ Another example might be to coordinate media calls York City through all local agencies/organizational "market" outside of San Antonio. This has been accomplished effectively in previous community missions to Mexico. The use of a "branding" consultant can be considered when reviewing such efforts either by individual "driver industries" or the community.

Short-term Implementation

FISCAL CONSIDERATIONS:

Of course, budget and allowable expenditure guidelines should be observed. The branding issue is critical for both economic and tourism development and monies should be increased in those agencies' budgets, which will bring many rewards in the long run.

ANTICIPATED FISCAL IMPACT:

Cost Impact Recommendation

Task Force: Tourism/Hospitality

ACTION PLAN

RECOMMENDATION:
3 of 3

MARKETING TO LOCALS

In addition to "Share the Story" campaign in October, and to further local participation, the Task Force recommends that the local industry coalesce to initiate a campaign to entice locals to stay in a SA hotel. While the SACVB's core mission (producing the most cost effective results with their budget) is its focus on visitors/convention planners outside of San Antonio, the City's SACVB can greatly assist in such an effort through several strategies including:

A. Explore Visitor-Tax Free Weekend in August

Recent years' successes with the state's retail sales tax free weekend for school supply shopping each August has proven to be a boost to visitors to the city, particularly by Mexican Nationals. The Task Force suggests that the City explore similar legislative action for hotel sales taxes to be abated as well. Much dialogue would need to occur between the City/County governments, other Texas cities, State Comptroller's office, Bexar County legislative delegation, and others to assess the cost/benefits to such a program.

DUE DATES:
FISCAL IMPACT:

Immediate Implementation
Cost Impact Recommendation

B. Create Value-added Packages Including Hotels, Restaurants, Tours, the Visual and Performing Arts and Other Attractions

This volunteer initiative would be facilitated through the SACVB Commision's Tourism and Marketing Committee, which consists of 60-plus local visitor industry professionals and is currently co-chaired by the Blue Ribbon Tourism Task Force co-chairs Pete Cortez and Henry Feldman.

ASSIGNED
RESPONSIBILITY

The initiative would be further supported by:

- ☐ SACVB by actively promoting the Packages in local media and through its visitor portal: www.sanantoniovisit.com.
- ☐ Chambers of Commerce, Hotel/Motel Association
- ☐ San Antonio Area Tourism Council regarding attractions
- ☐ San Antonio Restaurant Association in coordinating restaurant programs
- ☐ COSA's Arts and Cultural Affairs Department will be included in these programs

DUE DATES:
FISCAL IMPACT:

Long-term recommendation
No Cost Recommendation

Task Force: Tourism/Hospitality

RECOMMENDATION: 3 of 3 (cont'd.)

C. Create Special Tour(s) for Locals

Task Force members include a local destination management company who has offered to coordinate an event where locals (who respond to a media announcement) can enjoy guided tours, sampling San Antonio's visitor amenities such as The Mission Trail and other neighborhood cultural and historical venues. Local destination management companies and the San Antonio Professional Tour Guides Association will be asked to assist. The goal is to create increased residents' appreciation, support and patronage of local visitor-related venues.

The goal is to increase travel from both within and outside of Texas during that same weekend in August from the inherent favorable public relations. The Task Force recognizes that such a program could create revenue concerns (e.g. bond debt) and might draw attention to Texas' high hotel taxes. We simply recommend that it be explored, as it has proven successful for segments of the retail sector of the economy.

DUE DATES:

Long-term recommendation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

REAL ESTATE AND DEVELOPMENT INDUSTRY TASK FORCE RECOMMENDATIONS



Task Force Leaders

Phyllis Browning

Ed Cross

Task Force: Real Estate and Development Industry

I. FOCUS

A fundamental principle of economic development is that local economies are ultimately driven by industries and companies that “export” their goods and services to other communities, states and countries. The City of San Antonio implements strategies to attract and retain such companies and grow these driver industries.

Equally critical for economic development is the presence of stable and efficient systems to provide energy, water, transportation, skilled workers, facilities, banking, other critical business services, and real estate.

The availability of commercial real estate directly impacts the ability of businesses to readily relocate, expand, or grow in San Antonio. Without sufficient office space or industrial facilities, a company may not be able to readily move to San Antonio because it simply cannot be accommodated in the short run.

While new commercial buildings can be developed, the process for developing new commercial properties must be efficient in order to facilitate this growth in a world that demands companies remain flexible and quickly react to market changes. If the San Antonio development process, when compared to other cities, gives rise to a negative development climate, which is costly and unpredictable, it will make San Antonio less attractive for future business growth.

There in lies the challenge. While the community embraces business growth and development, it does not want in the process to jeopardize those features that give San Antonio its soul: a vibrant downtown, urban living, traditional neighborhood areas, places to stroll and meet, and celebrations of culture.

The availability of residential properties is also important to the local economy, as it directly impacts the cost of housing. Along with financing expenses, housing costs will correspondingly affect the discretionary income of residents, which sustains the city’s economy through local consumer buying power.

The real estate and development industry, perhaps more than other industries, is a “lagging” industry, since the time required to develop new properties takes many months or even years to complete. As a result, a slower pace of development will have repercussions for years to come in terms of new growth and new tax base increases. This will directly impact future tax revenues for local government.

II. OPPORTUNITIES AND SUCCESSES

San Antonio has a diversified and stable economy.

Bolstered by defense-related activities and health care, the economy continues to add jobs. Of the major Texas cities, San Antonio has the lowest unemployment rate, and is far below the

Task Force: Real Estate and Development Industry (cont'd.)

National average. Even as tourism has declined, San Antonio has fared better than most, and the downtown continues to thrive.

A reduction of high cost, non-traditional residential lending could increase consumer disposable income.

Approximately 11% of San Antonio's 52,000 residential loans in 2000 were sub-prime (Source: HMDA). San Antonio does follow the national and Texas trend towards a growth in high cost, non-traditional lending. Coordinating Financial Literacy efforts with private sector initiatives will benefit consumers. Consumers interested in buying a home can make more informed choices through access to education. Through a private sector re-financing initiative, qualified current homeowners might re-finance their higher-cost home loans, thereby increasing disposable income, which would have a positive effect on the economy.

Despite the current recession, residential sales in San Antonio remain strong, according to the Texas A&M University Real Estate Center. Total sales through October 2001 were up 4% over the previous year.

The strength of the downtown area may facilitate the redevelopment of older buildings, particularly for housing.

The Houston Street Redevelopment, led by Federal Realty Investment Trust, and anticipated projects along Crockett Street (including the former Aztec Theater building), have increased the supply of office, retail, and entertainment space in downtown. Proposed projects at the former Freidrich Building and Victoria Courts include large numbers of affordable residential units. Several other residential projects are also being discussed. Also, the charm, character, and personality of near-downtown neighborhoods are attractive to many.

Very little market-rate downtown residential development has actually occurred, because, land values—combined with the increased construction costs seen in densely developed areas— increase overall development costs beyond levels ultimately supported by market pricing. Some public assistance, public partnership, or infrastructure participation will be needed to reduce development costs in order to promote downtown housing.

There are opportunities to reduce the amount of high-interest residential lending.

According to HMDA, 11% of local residential lending is sub-prime. Sub-prime lending indicates an increase in the cost of a loan and thus a decrease in discretionary income. While sub-prime lending may be the best option for many families, some consumers may be unnecessarily in a higher cost loan. Any improvement in this area could increase net disposable income and would help the local economy over the long-term.

Task Force: Real Estate and Development Industry (cont'd.)

III. CHALLENGES

Certain types of real estate are not readily available for corporate growth and expansion.

According to Grubb and Ellis, San Antonio had the lowest office vacancy rate of major cities in Texas for the second quarter of 2001. This reflects a healthy local economy that has not seen large impacts from the current economic slowdown. However, it also indicates that San Antonio does not have large amounts of available vacant space for prospective tenants. San Antonio also remains, despite this low vacancy rate, the most affordable city in Texas for Class-A office space. Unfortunately, new speculative office development will not likely occur until rental rates increase.

The local industrial market is seeing an increasing vacancy rate, which Grubb and Ellis attributes to national and international economic trends, including reduced levels of manufacturing and inventories. Industrial vacancy rates increased 2.9% from July 1999 to July 2001.

Tightening commercial lending requirements are affecting development.

The economic slowdown has decreased many companies' plans for new development, particularly in hospitality-related industries. However, while commercial development continues in San Antonio, many projects are seeing difficulty in obtaining commercial real estate loans due to tightening credit requirements. Many projects are being delayed, or many never occur, as a result.

Uninformed prospective new homebuyers are the most susceptible to high-cost lending, which ultimately reduces future discretionary income.

Non-traditional, high-cost lending in Texas has grown at a compound rate of 44% since 1997 (Source: Inside Mortgage Finance 2000)

For some borrowers looking to finance the purchase of a house, sub-prime mortgages may be an appropriate option. However, over time, an increase in non-traditional, high cost borrowing by consumers will reduce discretionary income and ultimately have a negative impact on the local economy and tax revenues.

Recent and on-going changes in local development regulations are challenging the development industry.

As new development regulations are adopted, companies must spend time and money to adapt to new requirements. According to task force members, there appears to be a lack of understanding

Task Force: Real Estate and Development Industry (cont'd.)

and degree of frustration by many concerning the implementation of the new Unified Development Code (UDC), adopted in early 2001 by the City Council. Some strongly support the goals for the UDC, while others suggest that it may negatively impact the affordability of housing and overall cost of living. However, most agree that the implementation process could be improved. Of even greater concern is that, even though the new UDC implementation is still underway, additional regulations—specifically utility-related policies—are expected in the coming months.

One area of universal agreement among the task force members is that the City of San Antonio development process is cumbersome, unpredictable, and most of all time-consuming. While local developers complain about the process, one area of concern was the impression that out-of-town firms have about the overall development climate, because of negative experiences with the development review process.

It has been suggested that the unpredictability of the development review process will ultimately increase development costs, which combined with financing and market forces, will further delay challenging development projects from moving forward.

Utility company expansion policies are challenging the industry.

According to task force members, both City Public Service and San Antonio Water System seem to be unnecessarily causing delays regarding the extension of utility lines. To some, this comes across as arbitrary, overly bureaucratic, and ultimately impacts the platting process, which increases development costs and timing.

Management Improvements are needed for City Development Services Staff.

There was agreement by the task force members that some City staff members reviewing development plans are not applying “common sense” or do not recognize the “big picture.” According to some, this represents a change from the past, when staff could independently find appropriate means to solve problems. Some suggested that the current lack of a permanent building official only contributed to this problem.

The task force members did not criticize individuals or departments, and instead acknowledged that staff is overwhelmed with plan review and implementing a new code.

IV. TASK FORCE RECOMMENDATIONS

- A. Improve the Development Permitting and Review Process
- B. Enhance Economic Development Opportunities and Activities.
- C. Increase net disposable income of residents by reducing the degree of high-cost residential lending.
- D. Preserve, maintain and promote San Antonio’s downtown and inner city neighborhoods while encouraging the development of new areas with a distinct San Antonio “feel.”

Task Force: Real Estate and Development Industry

ACTION PLAN

RECOMMENDATION: 1 of 3

Improve the Development Permitting and Review Process

Real estate development and economic development go hand-in-hand. In San Antonio, both are being hindered due to confusion and unjustifiable delays in the development approval process.

- A. The City Manager should immediately establish a Task Force consisting of 3-4 respected developers, a small number of key department heads (including those involved in plan review and planning), and Team Leader with purview over Development Services, to (1) conduct a series of meetings to determine the specific problems being encountered by both the City and the development community, and (2) present solutions that both groups believe can be implemented successfully.
- B. The City Council and industry should insist on more “top down” commitment on process improvements from staff.
- C. The City Manager should create a staff culture that makes things happen by finding appropriate solutions rather than finding obstacles to development.
- D. The City Council and City Manager should increase the number of personnel involved in the permitting process, as appropriate.
- E. The City Manager should create a “fast track” permitting/approval process for strategic large-scale developments.

ASSIGNED RESPONSIBILITY:

- ☐ Mayor and City Council
- ☐ City Manager's Office
- ☐ Real Estate Council

DUE DATES:

Immediately Implementation

ANTICIPATED FISCAL IMPACT:

Cost Impact Recommendation

Task Force: Real Estate and Development Industry

RECOMMENDATION: 2 of 3

Enhance Economic Development Opportunities and Activities

- A. The Economic Development Department should offer incentives to specific job-creating business (such as manufacturing) for targeted areas of the city, such as inside Loop 410 and south of Hwy 90.
- B. Where possible, public agencies should accelerate planned public improvement projects, including:
 - a) Roadway projects – both interstate highway and local roads
 - b) San Antonio River improvements – especially the north and south sections
 - c) School projects – move up UTSA and other university projects
 - d) Airport expansion
 - e) KellyUSA transportation improvements
- C. The City should continue to create more attractive incentives on City-owned or City-controlled property (Southwest Business and Technology Park, Brooks AFB, Kelly USA), including but not limited to:
 - a) Tax abatements
 - b) Impact fee and permit abatement
 - c) Utility extensions including fiber optic
 - d) Sales tax abatement
 - e) Utility cost discounts including water, sewer, electric and gas
 - f) Infrastructure Development
- D. The City should explore and authorize the addition of “Arrows for the Quiver” to promote economic development, including:
 - a) More liberal use of tax abatement for targeted industries in targeted areas
 - b) Low or no-interest loans for public improvements including streets, sidewalks and drainage.
 - c) Reduced cost land incentive for locating at targeted sites.
 - d) Improve use and availability of tax increment financing
 - e) Industrial and commercial sites
 - f) Single site TIF projects

Task Force: Real Estate and Development Industry

RECOMMENDATION:
2 of 3 (cont'd.)

f) Greater involvement by County and other taxing districts

**ASSIGNED
RESPONSIBILITY:**

- ☐ Mayor and City Council
- ☐ City Manager's Office

DUE DATES:

Short-term Implementation

**ANTICIPATED
FISCAL IMPACT:**

Possible Cost Recommendation

Task Force: Real Estate and Development Industry

RECOMMENDATION:
3 of 3

Increase net disposable income of residents by reducing the degree of high-cost residential lending.

- A. The City Council should adopt a statement of “Guiding Principles for Consumer Rights in the Residential Lending Process” that will have broad-based industry and community support.
- B. Successfully market existing Financial Literacy classes to maximize consumer utilization and lessen susceptibility to predatory lending.
- C. Cultivate additional private-sector partnerships and implement consumer education workshops to increase consumer knowledge on how to avoid high cost borrowing.
- D. Create a private-sector driven refinancing initiative that will market to qualified homeowners who currently have high cost mortgages and who could refinance into more affordable loans.

**ASSIGNED
RESPONSIBILITY:**

- ☐ Mayor and City Council
- ☐ City Manager's Office
- ☐ County Commissioners Court
- ☐ Other local agencies

DUE DATES:

Long-term Implementation

**ANTICIPATED
FISCAL IMPACT:**

Possible Cost Recommendation

MILITARY/AEROSPACE/BASE REDEVELOPMENT TASK FORCE RECOMMENDATIONS



Task Force Leaders

Chave Gonzaba

Eddie Riojas

Task Force: Military/Aerospace/Base Redevelopment

I. FOCUS

The mission of this Task Force was to focus on the economic conditions impacting businesses related to: 1) local military installations and missions; 2) the aerospace industry (specifically related to aircraft maintenance, repair and overhaul); and 3) military base redevelopment initiatives, such as Brooks City-Base and KellyUSA. The task force reviewed ongoing planning and development initiatives; identified challenges, needs and development opportunities facing these businesses; and developed recommendations to help assist these businesses grow and expand in San Antonio.

V. OPPORTUNITIES AND SUCCESSES

The aerospace industry, local military installations (including the National Guard and reserve units), and KellyUSA have and will continue to play significant roles in shaping the future economy of San Antonio and the region.

MILITARY

There are currently four active military installations following the closure of Kelly Air Force Base on July 13, 2001. These installations, including local guard and reserve units, employ approximately 75,000 personnel generating a direct economic impact to the local economy of about \$2.8 billion. The City Council Military Affairs Committee, established in June 2001, has been visiting each of the local military installations to discuss potential partnership initiatives with local commanders.

With another likely round of base realignment and closure (BRAC) in 2005, the City and community should continue partnering with military installations on initiatives that help increase the "military value" of our bases and assist them in achieving efficiencies by finding ways to reduce infrastructure support costs. The focus should not only be on the retention of existing missions, but on making local installations more competitive sites for attracting new military missions and jobs. The recently announced military missions established by the Mayor and the Greater San Antonio Chamber of Commerce, in partnership with the other local chambers of commerce, should serve as the forum for helping the community prepare for another round of BRAC.

Since the last round of BRAC in 1995, the City has been proactive in working with its military installations to help the bases reduce infrastructure support costs and to improve the quality of life for the active duty members and their families. At the same time, the City is promoting economic development by leveraging the assets on our military installations as evidenced by the Brooks City-Base project and the Fort Sam Houston public-private leasing partnership. Both of these projects are unique, pace-setting Department of Defense (DOD) initiatives.

Under the Brooks City-Base project, the City is completing negotiations with the Air Force to transfer Brooks Air Force Base property (land and facilities) to the City. The Air Force will then

Task Force: Military/Aerospace/Base Redevelopment (cont'd.)

lease back facilities for Air Force missions. The deal should be completed in early 2002. City-Base will help the Air Force significantly reduce infrastructure support costs as the City assumes responsibility for municipal services and property management. The City expects to retain the Air Force missions and jobs and to leverage the unique physical and intellectual Air Force assets at Brooks to promote development on and around the base through establishment of the Brooks Technology and Business Park. One potential development initiative the community is pursuing is the establishment of a DOD Vaccine Production Facility at Brooks.

At Fort Sam Houston, the Army has signed a fifty-year lease with Orion Partners, Inc. and Roy F. Weston, Inc. on 502,196 square feet of space in three historic buildings--the old Brooke Army Medical Center and two wings of the Beach Pavilion Complex. Orion/Weston expects to finance approximately \$50 million in renovations secured through long-term leases with commercial and public sector tenants. The success of this unique partnership is critical to assisting the Army in reducing infrastructure support costs and generating net cash flow for both the Army and Orion/Weston. The City and community, therefore, should assist Orion/Weston in finding tenants for these facilities.

BASE REDEVELOPMENT

At KellyUSA, the Greater Kelly Development Authority (GKDA) continues implementation of the community's 1995 Initial Base Adjustment Strategy Committee strategic plan. To date, GKDA has successfully created over 5,000 new commercial jobs and in leasing out 70% of the available space. New tenants include major aerospace industry players such as Boeing, Lockheed-Martin, Chromalloy, Standard Aero and Pratt & Whitney. In the past 12 months GKDA has completed over \$70 million in new construction and facility upgrades, to include the building of a new hangar facility to accommodate Boeing's expansion. With the City's Air Cargo Study nearing completion, planning is underway to establish air cargo operations at KellyUSA. GKDA is also partnering with the City, the Port of Corpus Christi, and the Texas Department of Transportation and major railroad companies to establish inter-modal operations at KellyUSA with critical linkage to the planned Kelly Parkway. The success of this partnership and transportation initiative is key to creating Inland Port San Antonio.

AEROSPACE INDUSTRY

The aerospace industry in San Antonio continues to grow with the addition of major aerospace companies (Boeing, Lockheed-Martin, Pratt & Whitney, Standard Aero, and Chromalloy) at KellyUSA and the presence of companies such as Dee Howard, Cessna, Sino-Swearingen, and Fairchild Dornier at San Antonio International Airport. The City, therefore, identified aerospace as a targeted driver industry in its *2001 Strategic Plan for Enhanced Economic Development*. To support the workforce requirements for growing and sustaining a viable aerospace industry the community partnered to establish the Alamo Area Aerospace Academy, which opened in September 2001. Complementing this workforce initiative is the Advanced Technology Center scheduled for opening in April 2002. The City in partnership with the Alamo Community College District has funded this \$3 million project.

Task Force: Military/Aerospace/Base Redevelopment (cont'd.)

The City is also in the process of implementing the November 2000 Aviation Strategic Plan which identifies economic development opportunities at KellyUSA, San Antonio International Airport and Stinson Municipal, specifically in the four business areas of: (1) air cargo; (2) aircraft maintenance, repair and overhaul (MRO); (3) general aviation; and (4) air passenger service. Aviation is also one of the five industry cluster groups identified in the San Antonio Technology Accelerator Initiative (SATAI). The SATAI Aviation Committee is also looking at initiatives that can create more growth and jobs in the aerospace industry, such as the establishment of a Center of Excellence for the MRO of aging aircraft at KellyUSA.

VI. CHALLENGES

The major challenge facing the City regarding its military installations is another potential round of BRAC. Brooks Air Force Base was recommended for closure in 1995, but remained open. Brooks is still a likely target for closure, which is why implementing the Brooks City-Base is so critical. If the City can help the Air Force significantly reduce infrastructure support costs through City-Base, then the community may be successful in retaining most, if not all, of the missions and jobs at Brooks.

One of the primary keys to preserving the missions and jobs at Fort Sam Houston is the protection of Camp Bullis from urban encroachment. Camp Bullis is a field training area for the Army, as well as for other DOD and federal agencies. The City should also continue efforts to partner and further integrate the assets of Wilford Hall Medical Center and the Brooke Army Medical Center into the community's healthcare network. These hospitals are also vulnerable to a BRAC review and are particularly valuable assets to retaining and growing the City's sizeable retired military population.

A major obstacle to the continued development at KellyUSA is the absence of a permanent revenue source to fund necessary infrastructure improvements. This will also be an issue at Brooks as the City attempts to establish a successful Technology and Business Park. The City and the community should, therefore, explore potential options for creating a permanent funding source to address these infrastructure requirements and facilitate development activities.

The City also faces several challenges in its efforts to grow and expand its aerospace industry. One is getting more local industry companies to actively participate in the community's Aerospace Committee and to commit resources to work on issues of potential mutual benefit. Another challenge is trying to increase MRO market share in a very competitive market that is currently in a downturn. To achieve this, the City will need to create a successful MRO marketing strategy focused on building the aerospace cluster. This entails elements such as: (1) establishing air cargo operations at KellyUSA; (2) attracting a major aircraft logistics and distribution center to San Antonio; and (3) capturing a share of the commercial-to-air cargo conversion business activity. A third challenge is the retention of aerospace outsourcing business in the local area. Directly related to this is identifying DOD contracting windows of

Task Force: Military/Aerospace/Base Redevelopment (cont'd.)

opportunity and matching those opportunities to local companies. First, though, the community needs a good inventory of the aerospace support companies and expertise available in the local region. This will help identify aviation MRO capabilities, which are not here, and what the community needs to attract.

VII. TASK FORCE RECOMMENDATIONS

- A. The City should make the aircraft maintenance, repair and overhaul (MRO) business sector a specific priority targeted for growth and investment. Specifically, the City should develop an MRO marketing plan and strategy with goals to: (a) increase MRO market share; (b) attract more MRO business activity; (c) retain MRO outsourcing work in San Antonio; and (d) expand local MRO businesses.
- A. The City should prepare for another potential round of BRAC in 2005 by continuing to proactively partner with local military installations and community organizations, such as the chambers of commerce, to develop initiatives that help: (a) bases reduce infrastructure support costs and become more efficient; (b) increase the military value of local DOD missions; (c) attract new DOD missions; (d) secure more military construction projects and dollars; (e) provide increased procurement contracting opportunities to small and local businesses; (f) bring more DOD conferences to San Antonio; and (g) facilitate additional public/private and public/public partnerships.
- B. The City should work with GKDA and the BDA to develop a permanent, annual revenue stream to help fund capital infrastructure requirements at KellyUSA and the Brooks Technology and Business Park.

Task Force: Military/Aerospace/Base Redevelopment

ACTION PLAN

RECOMMENDATION:
1 of 3

Infrastructure Funding for KellyUSA and the Brooks Technology and Business Park

The City should work with GKDA and the BDA to develop a permanent, annual revenue stream to help fund capital infrastructure requirements at KellyUSA and the Brooks Technology and Business Park.

**ASSIGNED
RESPONSIBILITY:**

- ☐ City of San Antonio Economic Development Department
- ☐ City of San Antonio Budget Department
- ☐ Brooks City Base Office
- ☐ Greater Kelly Development Authority
- ☐ San Antonio Water System
- ☐ City of San Antonio Public Works
- ☐ City Public Service

ACTION STEPS:

- A. Identify infrastructure requirements (April 2002)
- B. Develop separate 5-year capital improvement programs (May 2002)
- C. Identify, examine and analyze potential funding options (May 2002)
- D. Present funding options and recommendations (July 2002)

DUE DATES:

Immediate Implementation

**ANTICIPATED
FISCAL IMPACT:**

**Dependent upon infrastructure funding needs and the funding options selected.
Cost Impact Recommendation**

Task Force: Military/Aerospace/Base Redevelopment

RECOMMENDATION: 2 of 3

Promoting The Aircraft Maintenance, Repair and Overhaul (MRO) Business Sector

The City should target the aircraft maintenance, repair and overhaul (MRO) business sector as specific priority for growth and investment. Specifically, the City should develop an MRO marketing plan and strategy with goals to: (a) increase MRO market share; (b) attract new MRO business activity and capabilities; (c) retain MRO outsourcing work in San Antonio; and (d) expand local MRO businesses

ASSIGNED RESPONSIBILITY:

- ☐ San Antonio Aerospace Committee (lead)
- ☐ City of San Antonio Economic Development Department
- ☐ City of San Antonio Aviation Department
- ☐ San Antonio Inc.
- ☐ Chambers of Commerce
- ☐ Economic Development Foundation
- ☐ Local MRO companies
- ☐ Greater Kelly Development Authority
- ☐ Alamo Area Aerospace Academy
- ☐ Alamo Community College District

ACTION STEPS AND DUE DATES:

- A. Inventory the community's MRO assets and identify targeted needs (June 2002)
- B. Develop and implement a coordinated MRO marketing strategy that will increase MRO market share by adding new capabilities, as well as attracting new MRO customers (May 2002)
- C. Establish an MRO Center of Excellence for aging aircraft at KellyUSA (2003)
- D. Create a University Academic Alliance to conduct MRO research (April 2002)
- E. Identify MRO outsourcing windows of opportunity for small and local businesses (May 2002)
- F. Implement and support the Advanced Technology Center at KellyUSA (April 2002)
- G. Continue support for the Alamo Area Aerospace Academy (ongoing)

DUE DATES:

Short-term Implementation

ANTICIPATED FISCAL IMPACT :

City resources will be required for inventorying MRO assets, implementing an MRO marketing campaign, and continuing workforce development programs.
Possible Cost Recommendation

Task Force: Military/Aerospace/Base Redevelopment

RECOMMENDATION: 3 of 3

Partnering With Local Military Installations To Prepare For Another Potential Round of Base Closure and Realignment (BRAC) in 2005

The City should prepare for another potential round of BRAC in 2005 by continuing to proactively partner with local military installations and community organizations, such as the chambers of commerce, to develop initiatives that help:

- A. Bases reduce infrastructure support costs and become more efficient
- B. Increase the military value of local DOD missions
- C. Attract new DOD missions
- D. Secure more military construction projects and dollars
- E. Provide increased procurement contracting opportunities to small and local businesses
- F. Bring more DOD conferences to San Antonio
- G. Facilitate additional public/private and public/public partnerships

ASSIGNED RESPONSIBILITY:

- ☐ San Antonio Military Missions Task Force (lead)
- ☐ City Council Military Affairs Committee
- ☐ City of San Antonio Economic Development Department
- ☐ City of San Antonio Departments of Planning, Public Works, External Relations, etc.
- ☐ Military Installations
- ☐ Economic Development Foundation
- ☐ Air Force Small Business Outreach Office
- ☐ Brooks Development Authority
- ☐ Greater Kelly Development Authority
- ☐ Chambers of Commerce

ACTION STEPS:

1. Develop and convene the Military Missions Task Force (January 2002)
2. Establish a Mayor's semi-annual forum with military commanders to discuss potential partnership initiatives (March 2002)
3. City Council Military Affairs Committee continue conducting annual visits to each of the local military installations (March 2002)

Task Force: Military/Aerospace/Base Redevelopment

RECOMMENDATION: 3 of 3 (cont'd.)

4. City Planning Department examine and determine the feasibility of establishing a Military Zoning District overlaying Camp Bullis (June 2002)
5. Market and help secure tenants for the Fort Sam leasing initiative, specifically supporting the relocation of U.S. Army South headquarters (July 2002)
6. Identify and implement additional partnership opportunities between WHMC, BAMC and the local medical community (May 2002)
7. Develop and implement a coordinated strategy between the City, chambers of commerce, etc., to prepare for a future BRAC (March 2002)
8. Identify potential opportunities for attracting new DoD missions and develop a coordinated strategy for pursuing opportunities (June 2002)

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

Possible Cost Implementation

BIOSCIENCE/HEALTHCARE/TECHNOLOGY TASK FORCE RECOMMENDATIONS



Task Force Leaders

Dr. Fernando A. Guerra

York Duncan

Task Force: Bioscience/Healthcare/Technology

I. FOCUS

This task force seeks to recognize existing capabilities within the bioscience, healthcare, and technology industries in order to leverage assets in a way that encourages entrepreneurship, attracts capital investment, projects the community as a desirable place to do business, and continues to build an educated workforce that meets industry needs.

Recent terrorist events have resulted in unforeseen national defense strategies. The nation is now faced with having to protect its own citizens from the direct effects of biological warfare. In addition, our information-age industries must also concentrate more asserted efforts in securing data. San Antonio, rich in its biosciences and information technology expertise, is poised to surface as the Homeland Security Solutions City. It is crucial that we continue to apply the advances of our biomedical sciences and technology for the benefit of the people in our community.

Recognizing the critical link between education and good paying jobs, the community must be committed to creating and promoting *higher education and training standards* at all levels. The region's future economic success will depend on a highly skilled workforce. The intended effect of our efforts will be to raise the income level and maintain financial security for the city's residents. To secure and augment our long-term economy, we need to look at creative ways to establish endowments for all levels of academia in our city that will support institutes of higher learning through graduate levels.

II. OPPORTUNITIES & CHALLENGES

Research Institutions and Facilities

San Antonio enjoys a rich collection of world-class research facilities. This affords us the opportunity to capitalize and leverage this significant combination of resources. We need to think out-of-the-box in terms of matching complementary resources with unconventional partners so that their combined efforts produce exceptional outcomes.

International Consortium for the Environment (ICE)

ICE is a consortium of universities facilitated by Brooks Air Force Base to address international environmental issues and public health concerns with an initial focus on the border region of the United States and Mexico through interdisciplinary research, teaching, and public service. Local ICE membership includes: Brooks AFB, UTHSC, UTHSC Dental School, UTSA, Palo Alto College, University of the Incarnate Word and the City's Metropolitan Health District.

Academic Centers

The City boasts seven universities, our colleges (Alamo Community College District), and a public school system comprising sixteen independent school districts.

Task Force: Bioscience/Healthcare/Technology (cont'd.)

Within the public school system, 16 innovative “magnet” schools have been established to offer specialized education in the fields of health care, science, engineering, aerospace, business, law, communications and the fine arts, international studies, and various technical and vocational schools.

Public/Private Partnerships

Some of the public/private partnerships include: AAAA, Brooks City-Base, KellyUSA, Texas Research Park, UTSA CIAS/ITSA, Joint program development of the UTSA Bioengineering Program (Between UTSA/UTHSC), St. Philips-Southwest Research Inst.-Brooks AFB-CPS to develop fuel cell development and maintenance program; Northwest Vista College-UTSA for 2+2 Program in Bioscience; Developing partnership between industry, Sony SemiConductors, UTHSC, UTSA, SwRI, and TRPF to develop a bio-chip research facility. Opportunity: we can also develop a biotech and ITS Academy based on the A4 model. Also: Homeland Security Solutions with public/private partnerships. Opportunities lie in the leveraging of resources among our hospitals and healthcare facilities.

In order for us to succeed, we suggest recommendations that will carry us deliberately into action to promote a technology-based industry for the good of the entire San Antonio community.

III. TASK FORCE RECOMMENDATIONS

1. Continue to apply the advances of our biomedical sciences and technology for the benefit of people in our community and region in areas of health, well-being, and financial security.
2. Establish and support endowments for academia, institutes for higher learning, and their graduate programs.
3. Conduct an inventory of assets and capabilities within the Information Technology, Telecommunications, Healthcare Resource, and Bioscience Industries.
4. Position San Antonio, as a Homeland Security Solutions City. San Antonio should position itself to be the place where vaccines for national security are produced. That is we must lobby for attaining a US Vaccines Facility as a public-private venture.
5. Push for technology and life science-focused curriculum development from fifth grade forward to prepare our future technology workforce and to reduce the education disparity.

Another effort is to build on the Alamo Area Aerospace Academy (AAAA) model to create academies for the fields of biosciences and information technology. This can be accomplished through AWD, Better Jobs, San Antonio-Austin Life Sciences Association (SALSA), SATAI, Bio-Link, ACCD, and Urban Systemic Programs. In addition, we

need to leverage other resources already in place that can increase the momentum of this recommendation.

6. Work to position San Antonio as a health care destination to include research, care, treatment, and education to South and Central Texas and for the Latin American market.

Task Force: Bioscience/Healthcare/Technology

RECOMMENDATION: 1 of 5

Continue to apply the advances of our biomedical sciences and technology for the benefit of people in our community and region. Vital to this is the effective coordination of efforts to construct a building in a centralized area to house the Southwest Texas Regional Advisory Council (STRAC), Healthcare Collaborative, Emergency Preparedness, the Greater San Antonio Hospital Council (GSAHC) and the Bexar County Medical Society (BCMS).

ASSIGNED RESPONSIBILITY:

- ☐ Alamo Community College District (ACCD)
- ☐ Bexar County Medical Society (BCMS)
- ☐ Brooks Air Force Base
- ☐ San Antonio Technology Accelerator Initiative (SATAI)
- ☐ San Antonio-Austin Life Sciences Association (SALSA)
- ☐ Texas Research Park Foundation (TRPF)

DUE DATES:

Short-term Implementation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

Task Force: Bioscience/Healthcare/Technology

**RECOMMENDATION:
2 of 5**

Establish and support endowments for academia, recruitment, attraction, and retention of industry as well as our top research talent.

**ASSIGNED
RESPONSIBILITY:**

- ☐ A recognized group of experts and community leaders
- ☐ City of San Antonio – Economic Development Department
- ☐ City of San Antonio – International Affairs Department
- ☐ Financial Institutions
- ☐ Law Practices
- ☐ Industry
- ☐ Philanthropy
- ☐ San Antonio Technology Accelerator Initiative (SATAI)
- ☐ Texas Research Park Foundation (TRPF)

DUE DATES:**Short-term Implementation****ANTICIPATED
FISCAL IMPACT:****Cost Impact Recommendation**

Task Force: Bioscience/Healthcare/Technology

ACTION PLAN

RECOMMENDATION: 3 of 5

Conduct an inventory of assets and capabilities within the Information Technology, Telecommunications, Healthcare Resource, and Bioscience Industries.

ASSIGNED RESPONSIBILITY:

- ☐ Chambers of Commerce
- ☐ San Antonio Institutional and Military Partners Allied with Core Technologies for Security (SA IMPACTS) Team
- ☐ San Antonio Technology Accelerator Initiative (SATAI)
- ☐ San Antonio-Austin Life Sciences Association (SALSA)
- ☐ Texas Research Park Foundation (TRPF)
- ☐ Texas Advocates of San Antonio (TASA)

Position San Antonio, a city of leadership, as a Homeland Security Solutions City. San Antonio must position itself to be the place where vaccines for national security are produced. That is we must lobby for the US Vaccines Facility as a public-private venture.

ASSIGNED RESPONSIBILITY:

- ☐ Air Intelligence Agency (AIA)
- ☐ Brooks Air Force Base
- ☐ Regional Emergency Medical Preparedness Steering Committee (REMPSC)
- ☐ San Antonio Technology Accelerator Initiative (SATAI)
- ☐ University of Texas at San Antonio (UTSA)

DUE DATES:

Immediate Implementation

ANTICIPATED FISCAL IMPACT:

Cost Impact Recommendation

Task Force: Bioscience/Healthcare/Technology

RECOMMENDATION: 4 of 5

Promote and push for technology and life science-focused curriculum development from fifth grade forward to prepare our future technology workforce and to reduce the education disparity.

ASSIGNED RESPONSIBILITY:

- ☐ Alamo Community College District (ACCD)
- ☐ Alamo Workforce Development
- ☐ Better Jobs Initiative
- ☐ Bio-Link
- ☐ San Antonio-Austin Life Sciences Association (SALSA)
- ☐ San Antonio Technology Accelerator Initiative (SATAI)
- ☐ Urban Systemic Programs

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

Task Force: Bioscience/Healthcare/Technology

RECOMMENDATION: 5 of 5

Position San Antonio as a health destination to include research, care, treatment, and education to South and Central Texas and for the Latin American market.

ASSIGNED RESPONSIBILITY:

- ☐ City of San Antonio – Economic Development Department
- ☐ City of San Antonio – International Affairs Department
- ☐ Greater San Antonio Hospital Council
- ☐ Economic Development Foundation
- ☐ Free Trade Alliance

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

COMMUNICATIONS

TASK FORCE RECOMMENDATIONS



Task Force Leaders

Gisela Girard

Earline Lagueruela

Task Force: Communications

I. FOCUS

Internal

Ensure effective communication for Mayor's Blue Ribbon Commission on the Economy among the task forces and key community stakeholders (i.e. Chambers of Commerce).

External

Communicate the goals and initiatives to the public by generating top of mind awareness, excitement and long term support.

II. OPPORTUNITIES

- A. Package the collection of finalized task force initiatives into a memorable and compelling brand.



- B. Deliver periodic *San Antonio Strong* reports through development of Speakers Bureau, strategically written press releases on task force progress, etc.
- C. Utilize extended series of Public Relations activities to generate immediate and long term awareness **and** support of *San Antonio Strong* initiatives.
- ☐ News releases
 - ☐ Broadcast talk shows (TV and radio)
 - ☐ Editorial boards of local and regional print media
 - ☐ Make logo available to the local media
 - ☐ Participate in local community activities (all fiesta parades with vehicles, banners, t-shirts, bumper stickers, etc.)

Task Force: Communications

Media Campaign

- A. *San Antonio Strong* print and broadcast Public Service Announcements in English and Spanish. Frame campaign with real people/celebrities (i.e. Herb Kelleher, Archbishop Patrick Flores, etc.).
- B. Create *San Antonio Strong* Web site and create link from other task force members respective companies, chambers of commerce, and other media to our Web site.

Media

- A. Proclaim February as *San Antonio Strong* month to promote economic innovation.
- B. Distribute and/or place bumper stickers on city and non-city vehicles.
- C. Ask Clear Channel Communications to promote the...*San Antonio Strong* effort with pro-bono boards.
- D. Utilize pole banners to be placed throughout the city.

San Antonio Express-News and the San Antonio Business Journal have committed to print the Mayor's Blue Ribbon Commission task force recommendations in a special, packaged editorial feature

III. CHALLENGES

- A. Sustaining the efforts of *San Antonio Strong* through a longer-term commitment from the communications task force.
- B. Challenge Met: The communications task force is enthusiastically committed to a longer term effort to ensure the effectiveness of the *San Antonio Strong* campaign.
- C. Generating funding for the production and placement of *San Antonio Strong* campaign elements

Task Force: Communications

ACTION PLAN

RECOMMENDATION:
1 of 5

Package Initiatives Into A Compelling Brand

Package the collection of finalized task force initiatives into a memorable and compelling brand.

ACTION STEPS:

Generate Awareness

Mayor Garza stage a press conference to announce:

San Antonio Strong

Economic Innovation for a Better San Antonio

DUE DATES:

Immediate Implementation

**ANTICIPATED
FISCAL IMPACT:**

Possible Cost Recommendation

RECOMMENDATION:
2 of 5

Task Force Progress Reports

Deliver periodic *San Antonio Strong* reports through development of Speakers Bureau, strategically written press releases on task force progress, etc.

ACTION STEPS:

Internal:

Ensure effective communication for Mayor's Blue Ribbon Commission and key community stakeholders.

DUE DATES:

Short-term Implementation

**ANTICIPATED
FISCAL IMPACT:**

Possible Cost

**3 of 5
ACTION STEPS**

Media

- A. Proclaim February as *San Antonio Strong* month to promote economic innovation
- B. Distribute and/or place bumper stickers on city and non-city vehicles.
- C. Ask Clear Channel Communications to promote the *San Antonio Strong* effort with pro-bono boards
- D. Utilize pole banners to be placed throughout the city

DUE DATES:

Short-term Implementation

**ANTICIPATED
FISCAL IMPACT**

Possible Cost Impact

Task Force: Communications

ACTION PLAN

RECOMMENDATION:

4 of 5

Support Long-Term Awareness

Utilize extended series of Public Relations activities to generate immediate and long term awareness and support of *San Antonio Strong* initiatives:

ACTION STEPS:

- A. News releases
- B. Broadcast talk shows (TV and radio)
- C. Editorial boards of local and regional print media
- D. Make logo available to the local media
- E. Participate in local community activities (all fiesta parades with vehicles, banners, t-shirts, bumper stickers, etc.)

DUE DATES:

Long-term recommendation

ANTICIPATED FISCAL IMPACT:

Possible Cost Recommendation

RECOMMENDATION:

5 of 5

Media Campaign

ACTION STEPS:

- A. *San Antonio Strong*--print and broadcast Public Service Announcements in English and Spanish. Frame campaign with real people/celebrities (i.e. Herb Kelleher, Archbishop Patrick Flores, etc.)
- B. Create *San Antonio Strong* Web site and create link from other task force members respective companies, chambers of commerce, and other media to our Web site.

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

Cost Recommendation

ACTION STEPS:

San Antonio Express-News and the San Antonio Business Journal have committed to print the Mayor's Blue Ribbon Commission task force recommendations in a special, packaged editorial feature.

DUE DATES:

Long-term Implementation

ANTICIPATED FISCAL IMPACT:

No Cost Recommendation

BIOSCIENCE/HEALTHCARE/TECHNOLOGY

APPENDIX



Appendix – Bioscience-Healthcare-Technology Resources

Listed In Alphabetical Order

- ☞ **Aviation Technologies:** The range of aviation technology capabilities tends to target services and repair, and some manufacturing, but also elements of information technology as it relates to aviation. The city has a unique dual-site, citywide magnet high school program, the “Aviation Academy” which prepares students to choose aviation-related careers with the opportunity to immediately obtain jobs while being prepared for additional educational opportunities. R&D efforts include the Aircraft Sustainability Laboratory at Brooks AFB to address the engineering and business aspects of decisions regarding Aging Aircraft.
- ☞ **Bio-Link:** Advanced Technological Education (ATE) Center for Biotechnology that originated in 1998 with a grant from the National Science Foundation (NSF). NSF created the ATE program to improve and expand educational programs that prepare skilled technicians to work in the high-tech fields that drive the U.S. economy. ATE funds support 11 centers and more than 140 programs.
- ☞ **Children’s Cancer Center (CCC), San Antonio Cancer Institute (SACI), an NCI-Recognized Comprehensive Cancer Center: Joint Agreement between the CTRC and UTHSCSA:** From basic studies with molecules and cells to applied clinical research, the newly formed CCC and SACI have experts in all areas of interdisciplinary research as it relates to cancer, immunology, cancer-associated diseases, infectious cancer-causing agents, molecular and chemical synthesis and all aspects of genomics and proteomics. The CCC is unique in targeting Children’s’ cancers and will be a resource for the treatment and research.:
- ☞ **Children’s Health Insurance Program (CHIP)**
- ☞ **Center for Infrastructure Assurance and Security (CIAS):** A collaborative effort of the Air Intelligence Agency (AIA) and supported by UTSA, Trinity University, University of the Incarnate Word, and the Alamo Community College District (ACCD) designed to leverage San Antonio’s Infrastructure and Assurance (IAS) strengths as part of the solution to the nation’s Homeland Defense and deficit of IAS talent and resources. Targeted areas of research will focus on both DoD and Industry vulnerability issues and will include: Infrastructure Protection, Convergence Security, Intrusion Detection, Computer Forensics, Security Tech Training, Privacy, and Biometrics.
- ☞ **Device Companies and Capabilities:** Numerous device companies are forming and expanding in San Antonio. KCI’s medical beds and other products are the best known, but other local device companies, most notably Colin Medical Instruments, manufacture locally and market their products globally. Other smaller companies such as Osteobiologics and Biomedical Enterprises are also manufacturing and distributing FDA-approved products. Diagnostic products are being developed and/or manufactured at multiple companies, including INCELL, GeneTex, and SA Scientific.
- ☞ **Education and Workforce:** San Antonio has the University of Texas Health Science Center at San Antonio (UTHSCSA) with 5 professional schools (Medical, Dental, Graduate, Allied Health, Nursing) and expansion of its regional healthcare training to South Texas and the border region. San Antonio has 5 universities (UTSA, Trinity, UIW, STMU, OLLU), strong community colleges through ACCD, and K-12 schools serving a young and growing population base. Through its many educational and supporting institutions, San Antonio is reaping benefits from current initiatives and those being developed to provide the educated workforce needed for the region’s rapid technology industry growth. These range from K-16,

- ☞ post-graduate, continuing education and re-education of the workforce. Some highlighted areas include the UTSA-CIAS Program, the Urban Systemic Initiative/Program (USI/USP) in math and science education, the Aviation Academy, several Technology, Health, and Business Magnet Schools (middle-high school and Community college partnerships), biotechnology programs from high school to Ph.D. levels, including expansion of the national Bio-Link program to San Antonio. The Better Jobs and Alamo Workforce Development efforts, and substantive private-public partnerships are integrated into the overall community plans. San Antonio is proud that this year it had a larger number of students selected for MIT than any other community, UTSA is the fastest growing university in the state, and the numbers of college graduates is rapidly growing.
- ☞ **South Texas Funding Forum (STFF):** The first of its kind in the region, the STFF provided a medium for high-tech entrepreneurs to come before angel investors to present their product or service. Over 200 attendees were present from across the State.
- ☞ **Homeland Security Defense/Preparedness:** San Antonio has a long history as a “military town.” It currently has 4 active military installations: (1) Lackland AFB is the Air Force recruit training center and the home of WHMC and the “Security Hill” and its agencies; (2) Randolph AFB is a national site for pilot training; (3) Ft. Sam Houston is an army base which has BAMC, the US Army Institute of Surgical Research (USAISR), and joint services local and global training through the Army Medical Directorate (AMEDD); (4) Brooks AFB has the Human Systems Wing with the Air Force Research Lab, AFIERA Clinical epidemiology Lab, and Systems program office. Its roles have included responsibility for Air Force safety, human systems response and recovery, sensor technologies, and more. The former Kelly AFB “re-invented” as KellyUSA has extensive aviation technologies and applications with an active industry presence (e.g., Lockheed, Boeing). Because San Antonio has many current and retired members of the military, and local Chambers of Commerce and other organizations strongly support the military, it is anticipated that the overall community will overwhelmingly support important national security and homeland defense activities in San Antonio.
- ☞ **Information Security and Assurance:** The city has extensive capabilities in the information security and assurance sectors. The cornerstones of the U.S. Air Force’s world-renowned intelligence agencies are located in “Security Hill” at Lackland AFB. These agencies include the Air Intelligence Agency (AIA), the Joint Information Operations Center (JIOC), the Cryptologic Systems Group (CSG), and the Air Force Computer Emergency Response Team (AFCERT). Security Hill employs over 2500 and has spun-out a thriving Information Assurance and Security community. This community includes many private sector enterprises; (e.g., Digital Defense, SecureInfo Corp., SecureLogix Corp.) currently estimated as over 40 companies with an expectation that the number will at least double in 5 years. The capabilities of the San Antonio Information Assurance and Security private industry include: Virus Protection, detection, warning; Security Training and Awareness; Security Certification and Accreditation; Risk Assessment/Risk analysis services; Penetration Testing; HIPAA Security Compliance; VPN technology; Firewalls; Monitoring services and operations centers; Backup and recovery; and Computer Forensics.
- ☞ **Medical Facilities:** The medical and life sciences industry is now the #1 industry (\$8 billion in FY2000) in San Antonio. The city has four major hospital systems, the CTRC, the Children’s Cancer Center, Brooke Army Medical Center (BAMC) including its world-known burn and wound care center and AMEDD, Wilford Hall Medical Center (Air Force), 3

- ☞ Regional VA hospitals (SA, Austin, Kerrville), 2 major organ transplant centers, South TX Blood & Tissue Center, 2 hyperbaric treatment centers, and many other treatment facilities, supporting organizations, and companies. Brooks AFB also has the Applied Solutions for Operational Medicine Lab (a partnership of TEES with the Air Force Surgeon General).
- ☞ **Manufactured Products and Services:** As documented through the very strong San Antonio Manufacturer's Association (SAMA), the city has strength in multiple technology manufacturing sectors. These include: pharmaceuticals, medical devices, other devices, software, microchips, antibody reagents, and much more as briefly summarized in Table 2. In this area, San Antonio must position itself to be the place where the vaccines are made. That is, we must lobby for the US Vaccines Facility.
- ☞ **Natural resources and infrastructure:** Land, water and power are abundant in the city and the region and plans have been put in place to assure that future needs will be met. There is room for growth and physical expansion. Roadways have been developed, and are expanding, such that San Antonio is in the top tier for commuting in a large city. There are many secure facilities sites in association with the military bases, Brooks City-base and other facilities. Land, rail, and air travel are accessible, with San Antonio at a crossroads. R&D efforts relevant to resources use, alternative sources, and policy decisions are in the mission of the Brooks Energy and Sustainability Lab (a joint venture of Texas A&M TEES, Georgia Tech Res. Inst., and USC).
- ☞ **Research Facilities:** UTHSCSA, UTSA, Brooks AFB, SACI, IDD, SFBR, SWRI, IBT, CTRC, Texas A&M, TEES, UT Austin, STCBM, SALSI and new science, engineering and Bio-engineering programs are actively involved in R&D relevant to this effort. Companies such as INCELL, KARTA, SONY, BIOMedical Enterprises, BioMedical Development Corp., Probetex, ADMT, NanoAppls, CMI, RDI, Osteobiologics, Lipitek, TEKSA, and many others also have products and on-going research activities that will impact the city's economic development goals.
- ☞ **Pharmaceutical Companies and Capabilities:** Two privately held pharmaceutical companies, Mission Pharmacal, Inc. (MP) and DPT Labs, Inc. prepares, package and market their products globally. R&D activities and targeted product growth areas include tablet and orally delivered products (MP) and transdermal patches, wound-healing and topical treatments (DPT). ILEX Oncology and BioNumerik Pharmaceuticals target anti-cancer drugs. OsteoScreen is developing products for bone biology, re-growth of hair and other markets. INCELL has therapeutic, diagnostic, nutraceuticals, stem cell and other cell-tissue and gene therapeutics products and testing services.
- ☞ **Regional Primate Research Center (RPRC), Other Animal Testing Facilities, and WHO SVRC:** SFBR has a nationally recognized RPRC. Brooks AFB, UTHSCSA, UTSA, IDD, WHMC, and USAISR have approved animal testing facilities. The World Health Organization (WHO) Simian Virus Reference Center is also located in San Antonio.
- ☞ **San Antonio Technology Accelerator Initiative (SATAI)**
- ☞ **Scholastic Resources:**
 - **The Phoenix Program** is a "school to work" campus sponsored by the San Antonio School District and St. Philip's Southwest Campus; students (applying sophomores) are ready to select a career and to prepare for it early by earning college credits before graduating from high school. Current careers included diesel mechanics, graphic arts, social work, aerospace and aviation, automotive, culinary arts, hotel management, welding, medicine, drafting and the law.

- **UTSA/PREP** provides engineering and science exposure to 1,500 students each summer with an emphasis to develop strong math and science skills to pursue careers in those fields. *Proyecto Access* is the national replication of the successful TEX-PREP program started by a professor of mathematics at the University of Texas at San Antonio -- a Hispanic Association of Colleges and Universities (HACU) member campus. In 2000 NASA awarded \$1 million to the nation's top Hispanic higher education association to continue its innovative project steering minority students toward college seeking high demand professions.
- **Southwest ISD** has a Health Science Technology Program as one of its major career pathways with Kinetic Concepts as a major sponsor. It also has a strong CATE (computer & Technology education) curriculum with an MOU (memorandum of understanding) in place with Texas A&M University for Health Science Technology and Southwest High School as a link from secondary to post-secondary education.
- **Center for Health Policy Development, Inc.** has a Project Mobilization in Academic and Sciences III (Project MAS III) for a variety of health occupations to expose junior and high school students with an interest in a health career to the experience of visiting academic institutions and environments where the requirements of their potential health career can be pursued.
- **Junior Achievement of South Texas, Inc.** provides comprehensive resources for teaching kids in San Antonio about how business works is one of the City's major resources in introducing careers students in the stock market, banking, insurance, etc. The organization has become so successful at this mission that the Chamber of Commerce stopped their 501(c)3 that was providing the same service to middle and high school students.
- **Technology Business Acceleration and Development:** TEKSA, TRPF, MOT-UTSA, SBDC, SATC, IBDC, the SATAI Network, and Brooks City-base are all partners in the effort to start and grow new technology businesses from business incubation to mezzanine growth and beyond. TEKSA is the only incubator-accelerator company dedicated to early stage start-up companies and is developing substantive agreements with international companies such as IBM to aid growth of the new companies. IBDC is incubating international companies at their early start-up stages, and has an MOU with TEKSA to grow international technology companies in the SA region.

☞ **Texas Research Park**

☞ **UTSA Bioengineering Program** and funding for new facilities (\$86m)

☞ **Veterans Administration Hospital System:**– and its influence on the rest of the Medical Center Area

☞ **Support of Professional and Membership Organizations:** SALSA, TASA, COCs, EDF, FTA, SATAI and the many organizations listed in the Tables are partnered in the technology business and education efforts that are transforming San Antonio and the region.